

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,554

Tuesday February 19 1985

D 8523 B

'Frank talk' plan for
Thatcher visit to
Washington, Page 8

World news

Business summary

Solidarity accused of links with CIA

Polish authorities have accused the underground trade union movement Solidarity of having links with the U.S. Central Intelligence Agency (CIA).

The charge came during a two-part, prime-time television broadcast transmitted last night and on Sunday evening. It is seen as being part of an official campaign to counter Solidarity's attempt to organise a national 15-minute strike on February 28 against food price rises.

Coi Zbigniew Pudek, head of the Interior Ministry's investigative department, appeared on television last night surrounded by documents and computer disks said to contain Solidarity material. Page 2, Editorial comment, Page 16

South Korea Cabinet

South Korean President Chun Doo-hwan replaced 12 of his 22 Cabinet members in the wake of last week's elections. Former national security planning agency director Lho Shik-yong becomes Prime Minister. Page 4

'Star wars' doubts

Herr Hans-Jochen Vogel, leader of West Germany's opposition Social Democrats said U.S. insistence on developing its 'star wars' programme could block agreement with the Soviet Union on intermediate-range nuclear weapons. Page 3

Afghan rebels

An Afghan revolutionary court sentenced five anti-government rebels to death. A further six were jailed for between five and 20 years. Kabul radio said the men belonged to Pakistan-based resistance groups.

Protest in Sidon

Thousands of militant Shia Muslims demonstrated in Sidon, Lebanon, they attacked shops selling alcohol and ripped down Lebanese flags put up since the Israeli withdrawal. Page 4

Jet fighters crash

A British pilot died when his Harrier jet crashed in a West German Starfighter collided in mid-air and crashed near the Dutch-German border. The German pilot parachuted to safety.

Ship hit in Gulf

A Kuwaiti container ship, the Al-Manakh, was hit by an Iranian missile in the Gulf. Lloyd's Shipping Intelligence reported the vessel on fire.

Policeman held

Leader of Spain's main police union, Manuel Novas, was arrested in connection with the suspected embezzlement of Pta 14m (\$77,000) in union funds.

Thai border claim

Thai military officials said Vietnamese troops crossed briefly into Thailand in pursuit of Khmer Rouge guerrillas during recent fighting.

Pakistan round-up

Pakistan's military Government has arrested all but one of the leaders of opposition parties boycotting next week's general election.

Manila fire probe

Arson investigators found severed telephone and power lines on two floors of the Manila hotel where 25 people died in a fire last week.

Queensland in dark

A bitter labour dispute which blocked out large areas of Queensland, Australia, and led to lay-offs of more than 500,000 workers, threatened to spread across the country after peace talks broke down.

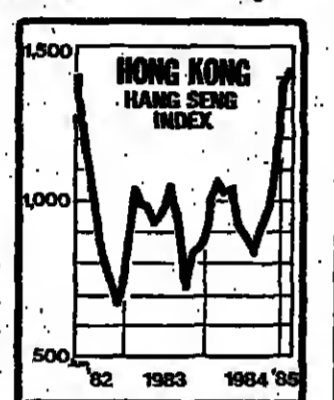
Andersen rejects British claims

ARTHUR ANDERSEN, world's largest accountancy group, "unequivocally" denied allegations made by Britain's Northern Ireland Economic Development Department that it was negligent in its auditing of the De Lorean car group. Page 6

LONDON shares drifted lower and the FT Ordinary index ended down 8.4 at the day's lowest level of 970.5. Gilt-edged were also easier. Section III

TOKYO stocks fell back from the record levels seen at the end of last week and the Nikkei Dow market average shed 20.77 to 12,149.15. Section III

MALAYSIAN Government announced a temporary freeze on all new public listings and new share issues on the Kuala Lumpur Stock Exchange until an improvement was seen in the market. Page 31



HONG KONG shares surged as the battle for control of Wheelock Marden escalated. The Hang Seng index hit a 41-month high, but then retreated to close 21.25 higher at 1,427.16. Section III

DOLLAR was firm in London, rising to DM 3.296 (DM 3.285). FF 10.0725 (FF 10.065). SwFr 2.801 (SwFr 2.778) and 2380.4 (2384.8). On Bank of England figures the dollar's exchange index rose to 151.0 from 150.0. Page 39

STERLING lost one cent against the dollar in London to close at \$1.9335. It also fell to FF 11.01 (FF 11.025) but was unchanged at SwFr 3.0625 and improved in DM 3.6025 (DM 3.6) and 2294.25 (2293.0). The pound's exchange rate index fell 0.2 to 71.2. Page 39

GOLD rose 25 cents on the London bullion market to \$304.50. It also improved slightly in Zurich to \$304.25. Page 39

WALL STREET markets were closed for a public holiday.

FRANCE last year lost fewer working days through industrial strikes than in 1983, despite the sharp increase in unemployment and the fall in real wages. Page 3

TRILOGY, U.S. electronics group which has had to abandon its attempts to build a world-beating 'supercomputer', faces new problems with the end of its development contracts with computer maker Sperry. Page 19

BANK ALMASHREEK of Beirut offered \$50m for the bulk of the operations of the troubled Deak-Perera group, the oldest and biggest foreign exchange and precious metals retailer in the U.S. Page 19

PECHINEY Ugine Kuhlmann, French state-owned metals group, increased consolidated revenue by 22.8 per cent to FF 35.4bn last year and estimated it made a profit of FF 500m against a loss in 1983 of FF 460m. Page 19

BMW, West German car and motorcycle manufacturer, increased sales by 17.5 per cent to DM 18.48bn (25,055m) last year and achieved record production despite a seven-week shutdown for strikes. Page 20

DYNO INDUSTRIES, Norwegian chemicals, plastics and explosives group, increased profits from Nkr 102m to Nkr 180m (\$19m) last year and is raising its dividend. Page 20

PIRELLI, Italian tyres and cables manufacturer, is to acquire 10 per cent of Seat Cavi, the cables division of Seat, Pirelli's only Italian-owned rival in the sector. Page 20

Heseltine defends secrecy over Belgrano affair

MR MICHAEL Heseltine, Britain's Defence Secretary, offered a new justification yesterday for the Conservative Government's refusal to disclose to parliament further information about the sinking of the Argentine cruiser General Belgrano, writes Margaret van Hattem, Political Correspondent, in London.

It could, he said, have led to requests for further information which might have been classified. For that reason he had decided not to disclose that the General Belgrano had reversed its course before it was sunk.

Mr Heseltine was speaking in a House of Commons debate on the sinking of the Belgrano during the 1982 Falklands war.

He was immediately condemned by Mr Denis Davies, defence spokesman for the opposition Labour Party, who said that Mr Heseltine had behaved "totally dishonourably, could no longer command the confidence of parliament, and should resign."

Mr Heseltine had offered an "extraordinary" reason for not answering MPs' questions, Mr Davies said. To suggest that answers should be withheld lest they lead to requests for more information was a "strange, potentially dangerous doctrine."

He further accused Mr Heseltine of attempting a "character assassination" of Mr Clive Ponting, the civil servant who leaked documents about the sinking of the warship and was last week acquitted on charges under Britain's 1911 Official Secrets Act.

Mr Heseltine, who spoke for 70 minutes, was heard in silence for most of the time in a calmer and better humoured debate than had generally been expected. Mrs Margaret Thatcher, the Prime Minister, ignored opposition challenges to speak in the debate, but was present for the first 90 minutes.

Mr Heseltine said that Mr Ponting had been a party to his own decisions about providing parliament with information about the Belgrano and insisted that Mr Ponting had at no time expressed his dissent. Mr Ponting, listening from the gallery, shook his head at several points in Mr Heseltine's speech.

Outlining the Government's case, Mr Heseltine argued that claims and questions about the sinking of the Belgrano were largely instigated by Argentine sources anxious to probe the scale of British intelligence activities.

But British intelligence had come from "the most sensitive sources" which were as vital now as in May 1982. For this reason, the Government could not give the House of Commons "every single detail."

Much of Mr Heseltine's speech, however, concentrated on Mr Ponting's role in the decision-making process. He suggested that Mr Ponting had deceived ministers, appearing to support their decisions while writing anonymously to Mr Tam Dalyell, a Labour member of parliament, urging him to persist with his questions to ministers.

The secrets charges of which Mr Ponting was accused were set out in a letter from the Home Secretary to Mr Dalyell on May 1982.

Continued from Page 18
Allinson's low-key approach. Page 4

Bonn resists EEC budget compromise

BY QUENTIN PEEL IN BRUSSELS

WEST GERMANY was last night holding out against a compromise deal on how to finance the estimated Ecu 20n (\$13.6bn) gap in the EEC budget and Britain's promised Ecu 1bn budget rebate in the course of 1985.

The plan put forward by Italy, which is currently president of the EEC Council of Ministers, would try to link finance for the short-fall in farm spending and the British rebate with an increase in the long-term rate of contributions to the EEC budget, in an effort to resolve the Community's recurring financial crisis.

Attempts to agree on the deal were suspended last night to await the arrival of Herr Hans Dietrich Genscher, the West German Foreign Minister, but German officials said that it remained unacceptable, because it required member states to increase their contributions before January 1 1986, when Spain and Portugal are due to join the Community.

The Italian compromise, which was forcefully belated yesterday by M Jacques Delors, President of the European Commission, would require member states to finance the budget gap by means of an inter-governmental agreement to pay non-reimbursable advances.

It would allow Britain to withhold Ecu 1bn from its regular contribution to the EEC budget once all 10 national parliaments had ratified the decision to increase the Community's resources by raising the rate of long-term contributions from the present 1 per cent value-added tax (VAT) ceiling to 1.4 per cent.

It would also allow that decision to come into effect before January 1 1986, provided there was unanimous agreement by all member states effectively giving West Germany a veto if the enlargement negotiations with Spain and Portugal are not concluded in time.

The Italian deal is widely regarded as the best available compromise given Bonn's absolute refusal to allow an early increase in budget contributions without the link to the enlargement talks.

Herr Genscher is not yet committed to a German Cabinet decision taken on February 8 to stick by its alternative plan for one overall inter-governmental agreement on the 1985 financial, including repayment of the British rebate.

The foreign ministers last night made a new attempt to agree their negotiating positions for the enlargement talks with Spain and Portugal, but there were disagreements still on the agriculture and fisheries questions. The ministers were urged by members of the European Commission to accept a series of compromises to move towards the position of the applicant states, but last night showed little signs of agreeing to this.

Ecu bank lending jumps to \$23.6bn

By Peter Montagnon in London

INTERNATIONAL bank lending dominated in Ecu, the currency basket of the EEC, jumped to the equivalent of \$23.6bn at the end of September last year from just \$6.5bn in December 1982, according to a study by the Bank for International Settlements (BIS).

More than two thirds of the increase came in the first nine months of last year alone, says the BIS. The bank is studying a request from commercial banks that it should become the clearing house for international transactions denominated in Ecu.

By last September the Ecu had far outstripped currencies such as sterling and the French franc as a vehicle for international bank lending, the study shows. Loans denominated in sterling totalled only \$15.8bn equivalent, and those in French francs \$14.9bn.

The Ecu has been taken to fourth place, behind the D-Mark, yen and Swiss franc, as a non-dollar vehicle for bank lending. The main impetus has come from borrowers in France and Italy seeking a stable alternative to dollar borrowing that does not entail a large exchange risk.

But the BIS notes that bank depositors are less interested in holding funds in Ecu. Such deposits have grown much less slowly than Ecu loans. At the end of last September they totalled only the equivalent of \$18.1bn, and deposit activity was largely confined to Belgium and Luxembourg whose banks have aggressively marketed Ecu accounts.

This has meant that banks have had to concoct Ecu by borrowing the individual component currencies in the interbank market, the BIS says.

Drop in international lending. Page 20

Peugeot's better results may lead to equity issue

BY PAUL BETTS IN PARIS

PEUGEOT, the French car group, cut its losses considerably in 1984. M Jacques Calvet, chairman, said yesterday. It also expects to report a small net profit this year. The group embraces the Peugeot, Citroën and Talbot marques.

M Calvet, reflecting a growing confidence in the financial recovery of the group which lost FF 2.6bn (\$280m) in 1983, indicated that Peugeot was considering raising new equity in the second half of this year.

At the same time, M Calvet said he was confident his group would shortly be granted FF 2bn in soft loans from the French Government's industrial modernisation fund (FIM) to help investments for the launch of the new Citroën small minicar next year.

M Calvet indicated that a decision on the future of the group's troubled Talbot marque would be taken in the "next two to three months." Talbot has now slumped to 1.4 per cent of the French market.

M Calvet would not say whether the new medium-sized car, code-named C-28, which was originally due to replace the Talbot Horizon, would be called a Talbot or a Peugeot.

He did not rule out, however, Peugeot following the U.S. example of giving the new car a different brand name for different markets. The C-28 might be sold as a Peugeot in France and as a Talbot in the UK or Spain, where Talbots are currently produced.

The French domestic car market was expected to have another difficult year in 1985, M Calvet said. He expected new registrations to total 1.85m cars this year against 1.76m in 1984. New registrations last year were 1.76m.

M Calvet added that the improvement in the group's overall performance was also in part a result of tighter control over stocks. His aim was to reduce stocks from less than 12 days' supply in 1984 to less than six days' supply within three years.

The eventual raising of new capital by Peugeot would help to restore the shareholder capital of the group which has fallen from FF 13bn to FF 5bn as a result of the group's heavy losses in recent years.

Continued from Page 18
BMW sales rise, Page 20

Westmoreland and CBS settle Vietnam libel case out of court

BY PAUL TAYLOR IN NEW YORK

GENERAL William Westmoreland, the 70-year-old former commander of U.S. forces in Vietnam, and the CBS television network, yesterday outlined details of an out-of-court settlement which brought to a close Gen Westmoreland's controversial \$120m libel suit against the network.

A joint statement released yesterday at a press conference said: "Both Gen Westmoreland and CBS believe that their respective positions have been effectively placed before the public for its consideration and that continuing the legal process at this stage would serve no further purpose."

Under the terms of a settlement thrashed out between lawyers over the weekend, CBS will not disavow a January 1982 documentary on Vietnam war, called The Uncounted Enemy: A Vietnam Deception, which Gen Westmoreland claimed libelled him.

The programme accused the general of being involved in a "conspiracy" in 1967 to show progress in the war by deliberately under-estimating the real strength of North Vietnamese and Vietcong enemy forces.

As a result of the "conscious effort", the documentary said, President Lyndon B. Johnson and American troops, as well as the public, were left "totally unprepared" for the Tet offensive of January 1968.

Yesterday's carefully worded joint statement said: "CBS respects Gen Westmoreland's long and faithful service to his country and never intended to assert, and does not believe, that (he) was unpatriotic or disloyal in performing his duties as he saw them."

"Gen Westmoreland respects the long and distinguished journalistic tradition of CBS and the rights of journalists to examine the complex issues of Vietnam, and to present perspectives contrary to his own."

Under the terms of the settlement CBS will not pay any money to Gen Westmoreland, although the television and entertainment group has agreed not to demand payment of court costs.

In a statement released by CBS accompanying the settlement, the network said: "We regret that Gen Westmoreland and his supporters felt compelled to bring this suit. We feel now, as we did three years ago, that this issue should never have been brought to the courts."

The apparent resolution of the case came after weeks of secret negotiations between lawyers representing both sides in the controversial libel suit.

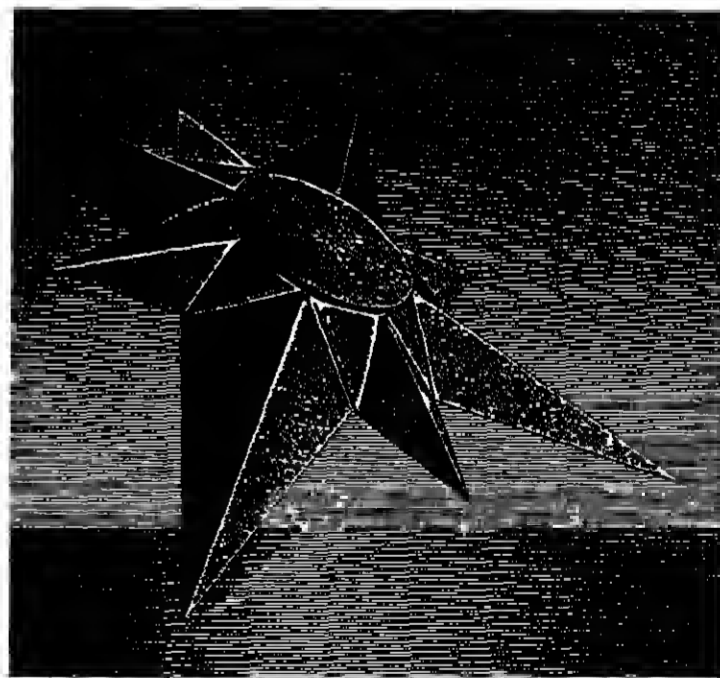
The trial, which has run for 18 weeks in the New York courts, involved 30 witnesses, including many CBS lawyers, and a string of former U.S. Central Intelligence Agency (CIA) advisors, and is believed to have cost between \$7m and \$8m.

The move for an out-of-court settlement is reported to have been started by Mr Dan Burt, the general's principal lawyer, who had earlier described the documentary as "a powerful work of fiction."

Mr Burt is understood to have approached CBS lawyers several weeks ago to ask whether CBS would press for some of the network's trial costs, estimated at about \$200,000 if the general abandoned the case.

Helmis bid for control of CBS. Page 5

Only someone on the right course can help you with yours.



A universal bank has the right instruments to determine your exact position and help plot the best course to your goal. The coordinates of our branch system dot the globe.

Among our comprehensive services are time and notice deposits in all major currencies, short, medium and long-term loans (overdrafts, straight and roll-over loans, acceptance credits in E-stg, US \$, DM and other Eurocurrencies with special emphasis on trade finance and

forfeiting), placement and trading in foreign securities such as Eurobonds, convertibles etc., foreign exchange, and international portfolio management.

Whenever and wherever you encounter problems with complicated international financing, contact the Deutsche Bank. We'll put your business on a proper course. Deutsche Bank AG, London Branch, 2 Bishopsgate, P.O. Box 441 London EC2P 2AT, Tel.: 2 83 46 00

Deutsche Bank
A century of universal banking

CONTENTS

Europe	2-3
Companies	4
America	4
Overseas	4
World Trade	5
Britain	6, 8
Companies	24-27
Agriculture	38
Appointments	38
Arts - Reviews	10
World Guide	10
Commodities	38
Crossword	38

Currencies	38
Editorial comment	38
Eurobonds	38
Financial Futures	38
Gold	38
Int'l Capital Markets	38
Letters	38
Management	38
Market Monitors	38
Men and Matters	38
Mining	38
Money	38
Raw materials	38
Stock markets - Bourses	38
Technology	38
Unit Trusts	38
Weather	38

Gibraltar: Spaniards eye work over the border	2
CBS: Helms may need more than moral majority	5
Technology: commercial kits for diagnosing disease	9
Editorial comment: Poland; UK arts funding	16
UK defence spending: industry in a cold climate	16
Italy's railways: moving down a new track	17
Lex: Wheelock Marden; UK borrowing; Fleet	18
Banking: BIS figures tell of drop in lending	20
Management: SBA's future in the balance	9
Lebanon: Survey	11-15

EUROPEAN NEWS

Almost 22% of Spain's workforce unemployed at the year's end

UNEMPLOYMENT in Spain—proportionally the highest in Western Europe—reached a record 22.7m at the end of last year, almost 22 per cent of those who want to work, according to final quarter figures published by the National Statistics Institute, writes Patrick White in

Madrid. Roughly two in every five unemployed Spaniards were looking for their first job. Of the rest, the services sector had the largest unemployment, followed by manufacturing industry and construction.

These figures are particularly disquieting for the Socialist Government, which, following a sharp improvement in the external accounts last year, has set its sights on halting the decline in employment. They show not only more jobs lost last year than the year before but also a recent acceleration. The total of jobless was almost 6 per cent up on the previous quarter and 18 per cent above

the level a year ago. The survey figures show an increase of more than 600,000 in unemployment since the Socialists arrived in power in late 1982, and a fall of more than 500,000 in the number who have jobs. However, the Government argues that these figures are falsely inflated by the inclusion of some 120,000

agricultural workers in the south of the country who have joined community labour schemes but are not counted as working.

Even when this is taken into account, last year's performance on the job front was the worst since 1981 and demonstrates the extent of

the setback the Socialists have suffered since promising in their election campaign to create 800,000 jobs.

The Government would now have to create some 1.2m jobs in the next two years in order to achieve that aim before the end of its current mandate.

GIBRALTAR EXPECTS 1,000 JOBS TO BE CREATED IN THE NEXT 12 MONTHS

Spaniards eye work over the border

BY JOSEPH GARCIA IN GIBRALTAR

MORE THAN 2,000 Spaniards have already applied for jobs in Gibraltar, and an average of 70 new applications are being received daily, since the border was opened two weeks ago. The interest in Gibraltar jobs is not surprising given the high level of unemployment in Spain, and although at present there are only limited job opportunities, the future looks optimistic.

The greater economic activity already being generated by the full opening of the Spanish border should cause the creation of at least 1,000 new jobs in the next 12 months, an increase of about 10 per cent on the current workforce total of 12,000, Dr Reginald Valarino, the Minister of Labour, said.

Of nine new work permits issued last month before the border opened, four went to Spaniards. Official records show 125 Spaniards with work permits, but a more realistic total is unofficially put at about 300.

BUSINESS HAS boomed in Gibraltar in the two weeks since Spain reopened the frontier, local officials and traders told Reuters. They said some 60,000 visitors, more than twice the local population, had swarmed across the border since the gates were opened on February 5 after a 16-year blockade.

The frontier closure severely depressed local business and reduced tourism to a trickle. Now, shops are

staying open longer, banks are crammed, hotels are filling up and pubs and restaurants are having to turn away customers. The local branch of the British department store Marks and Spencer, says sales have doubled. "Any business person who says he can't make a decent living in Gibraltar today must be a bore failure," said Harish Budhrani, secretary of the Indian merchants association, which controls much of the high street trading.

An agreement is being finalised between the authorities on both sides whereby job vacancies on the Rock will be notified to the other side. The catering, building and retail trades are all poised for expansion from the resurgence of activity.

But for the dwindling Moroccan workforce of over 2,000, these are days of appre-

hension. They see their future threatened by the commuting Spanish frontier workers despite official assurances to the contrary. Even the unemployed Moroccans, who totalled 40 at the last count, obtain priority of employment over non-EEC newcomers.

The spreading disquiet has resulted in a visit to the Rock this week of a Moroccan Government official who has also been investigating restrictions being imposed by the Spanish frontier authorities on Moroccans crossing into Spain.

The latest unemployment total for Gibraltar, at 800, may well be the lowest in Europe in percentage terms, but it can make a fair impact in a small, interwoven community, especially when 380 of them are Gibraltarians. The figures are based on people who actually register as unemployed, so the real total should be higher.

Gibraltar had feared a major unemployment crisis following the closure of the naval dockyard at the end of last year when 700 people were made redundant. There was already a recession in the building industry and the commercial sector was stagnant. However, a combination of factors—voluntary redundancies, Moroccans returning home with their gratuity payments and 500 jobs

at the new commercial yard, resulted in fewer than 100 workers joining the dole queue. Gibraltar has always required a substantial imported workforce to cope with an incidence of economic activity which is out of proportion to its minuscule size. It cannot be compared with a community of 80,000 which forms part of a large country. The rock must be as self-sufficient as it can and must originate its own services, such as electricity and hospitals. Public sector employment accounts for at least half the labour market.

When Spain first placed restrictions on its own workforce in 1984 there were as many as 15,000 Spaniards working on the Rock: when the frontier was closed in 1989, the figure was just under 5,000. Now, the unions fear that the rock may eventually be swamped by Spaniards, who have acquired "Community preference" by virtue of the Brussels agree-



ment which secured the border opening.

Once the expected 7-year EEC transitional period ends, Spanish workers will have equal rights with other EEC nationals in Gibraltar and preference over non-EEC nationals, such as Moroccans. Although Gibraltar joined the EEC at the time of British entry in 1973, it is only now that it has become physically joined to mainland Europe. This is seen as posing a real threat for the first time.

Warsaw claims Solidarity has links with CIA

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have followed up their warning to Mr Lech Walesa to stop calling for protest action or face arrest with accusations that his banned Solidarity trade union has links with the U.S. Central Intelligence Agency.

The charges, which could precede important political trials, came in a two-part prime time television programme broadcast on Sunday evening and last night. Solidarity has called for protests against forthcoming food price rises, including a 15-minute general strike at noon on February 28.

Three top Solidarity leaders have already been arrested over the protest call. One of them, Mr Bogdan Lis, was arrested a mere two months ago and the other two freed under the July amnesty for political prisoners.

The Interior Ministry now claims to have come into possession of a number of documents from Solidarity, bureaux abroad as well as correspondence between the union's underground leadership and its representatives in the West which suggests a link between the union and the CIA.

Colonel Zbigniew Pudek, the head of the Interior Ministry's investigative department, appeared in the television show surrounded by documents and computer discs which he said contained Solidarity material.

The colonel's message was that Mr Jerzy Mikolajczyk, the union's chief delegate to the West, was a traitor with CIA links. He went out of his way to undermine Mr Mikolajczyk's contacts with Mr Mikolajczyk. This would suggest that the authorities are considering putting Mr Lis on trial, a development which the July amnesty, under which the eleven top union and dissident leaders were freed, was designed to avoid.

Polish deposited a record amount of privately owned hard currency with state banks last year. Such deposits grew by a record \$230m to reach \$900m in December 31 and are expected to top \$1bn this year.

But 40 per cent of last year's total was paid in to the last two weeks of December after the Finance Ministry announced that the rules on deposits would be changed.

From April 1, Poles will have to document the source of the deposits. Those that are earnings or gifts from abroad will still be freely available, but hard currency bought on the black market will have to go into "quarantine" in non-interest-bearing accounts for a year. Polish banks at present pay interest rates of 5 per cent on current accounts and 12 per cent on a three-year deposit account, tax free.

Editorial comment, Page 15

Yugoslav doubts about loan bid

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA, already deep in negotiations for a new standby loan from the International Monetary Fund, is shortly to open discussions about new loans from the World Bank, with officials in Belgrade divided about how much more to borrow from the international aid agency in view of the country's high debt level.

The authorities believe they could borrow as much as \$2.5bn from the World Bank, in loans both for projects and structural adjustment, over the next four years. But equally, they are

concerned not to raise the overall level of debt, despite World Bank terms being more favourable than commercial ones.

By the end of 1984, Yugoslavia drew on \$265m of its \$275m first structural adjustment loan from the World Bank, with each borrowed dollar generating three dollars in extra exports. In negotiations for another such loan, however, Yugoslavia would like to be allowed to use the money for import of some capital equipment, as well as raw and intermediate materials. Meanwhile, negotiations here with the IMF for a new standby

loan entered their second week, with the main stumbling block apparently being Yugoslav insistence on the current agreement on interest rate levels.

Under the existing standby arrangement, which runs out on March 31, interest rates should be raised one percentage point above the inflation rate by April 1 and keep pace with the rate of price rises thereafter. But on present trends this will entail interest rates rising to 70 per cent by April and to nearly 80 per cent by mid-summer, according to officials here.

Rampant black economy keeps Georgians on the road

BY PATRICK COCKBURN IN MOSCOW

A STUDY by the police in the southern republic of Georgia shows that 40 per cent of foreign cars, which sell for large sums, are bought by workers in the services sector such as car mechanics and shop managers.

The capacity of those illegally providing services to pay well in excess of the official price of up to \$20,000 for a Mercedes proves the existence of a large black economy providing for consumer needs.

A recurrent theme in the Soviet Press is the large profits made by people supplying services, often purloined from the

state, which otherwise cannot be obtained. People who provide such services are accused of living like pre-revolutionary aristocrats.

The study, published in the Georgian daily, Eastern Dawn, singles out shop managers and drivers who use Government-owned vehicles and petrol in their own black economy businesses as typical beneficiaries of the shortage of services. Only through "illicit means" can they afford the astronomical sums needed to buy Chryslers, Mustangs, Toyotas and Buicks, it says.

The failure of Soviet planners to provide sufficient spare parts, maintenance facilities and petrol stations for the 22m cars and motorcycles on the roads has led to a rampant black market.

The Interior Ministry has pointed out that while the number of privately-owned vehicles has risen 180 per cent in the past seven years, petrol sales are up by only 20 per cent. The difference between the two figures is explained by extensive theft from the state.

The provision of services in the Soviet Union has lagged behind rising real income. A study by two Soviet sociologists

last year shows that Soviet citizens would be prepared to double the 10 per cent of their spending devoted to services, if they were available. (In France, spending on services is 35 per cent.)

Education and health are provided free, transport and housing cost only a nominal sum, but there is a big demand for tailors, plumbers and shoe repairs, for instance, even in Moscow where the situation is better than in the rest of the country.

The Soviet Union has escalated its attacks on China for supplying Afghan guerrillas with

weapons and training. The official Soviet news agency Tass yesterday said that China had supplied rockets fired into residential areas in Kabul, the Afghan capital.

The reference to the Chinese government as "the Peking hegemonists" is more hostile in tone than recent references in the Soviet press.

FINANCIAL TIMES: DPM No. 14040, published daily except Sundays and holidays. U.S. subscription (air) \$40.00 per annum. Second class postage paid at New York, NY, and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 57th Street, New York, NY 10022.

Jump to the Far East, Japan and the USA via Copenhagen. It's more comfortable and often faster.

And very convenient.

From all over Europe, our EuroClass flights take you nonstop to Copenhagen, offering you the most complete business class service within Europe for the normal Economy fare. From Copenhagen, you fly nonstop to our main gateways around the world in our First

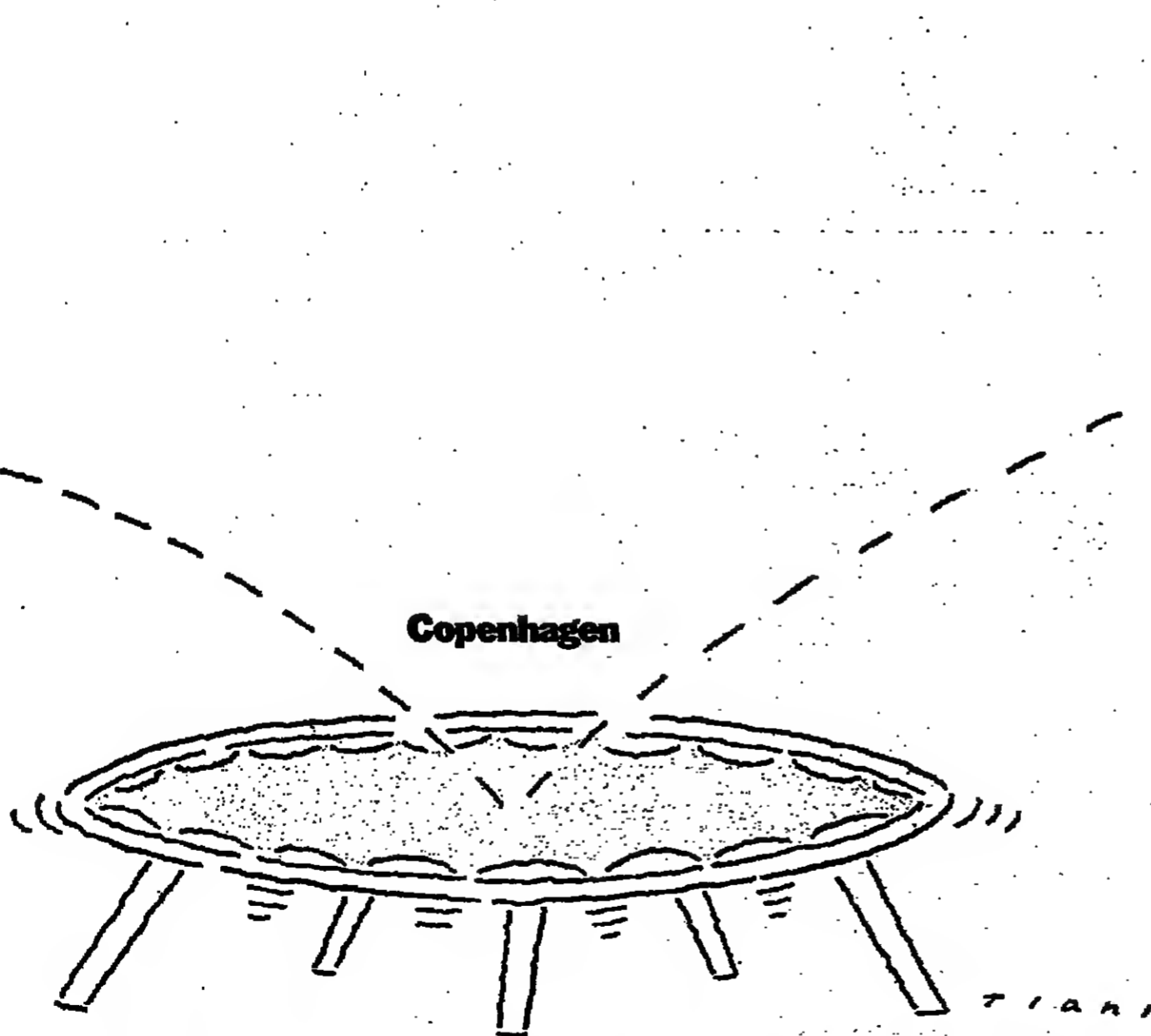
Business Class which offers you next-to-First Class comfort for the normal Economy fare. When you fly First Business Class to New York, Chicago, Seattle or Los Angeles, you're automatically entitled to First Class domestic travel on Eastern or United Airlines for the normal Economy fare.

Our Bangkok flight gives you a direct onward connection to Singapore and excellent connections to all of the Far East and Australia.

Not to forget Rio de Janeiro with connections to all of South America. So next time, try jumping out into the world

via Copenhagen. It just might get you there a lot faster. And you'll find the comfort can't be beaten.

SAS
The Businessman's Airline



Fewer days lost in France through strikes

BY DAVID HOUSEGO IN PARIS

THE NUMBER of working days lost through industrial strikes continued to fall last year in France despite the sharp increase in unemployment and the fall in real wages. According to statistics issued by the Ministry of Labour, the number of man-days lost through strikes indicated at plant level—the most reliable indicator of labour unrest—fell last year to a monthly average of 110,000. This is marginally down on 1983 but reflects a long trend of diminishing strike action.

The three occasions over the past decade in which there has been a significant surge in the number of days lost in industry were in 1975-76, 1979 and 1982 (the first full year of President François Mitterrand's administration). However, plant level strikes—as measured through the number of working days lost—were a third down last year on the 1975-76 level. At the same time, the number

of strikes instigated by unions at national level has also continued to fall. According to provisional figures from the Ministry of Labour, days lost fell to a monthly average of 3,000 compared to 18,000 in 1983 and 6,000 in 1982.

Both sets of figures reinforce other evidence of a long-term decline in the power of the unions in France. The clearest sign of this has been the decline in union membership which has particularly affected the Communist CGT and the pro-Socialist CFTC.

A recent public opinion poll showed that only 18 per cent of the industrial workforce was prepared to strike, with an even smaller proportion of militancy among the young.

Unemployment in France rose last year by 13.4 per cent to 2.48m on a seasonally adjusted basis. Hourly wages in industry rose by 6.2 per cent, compared to the 6.7 per cent inflation rate.

Israeli leader in Rome to see Craxi and the Pope

BY ALAN FRIEDMAN IN ROME

ITALY'S Prime Minister, Sig Bettino Craxi, last night welcomed Mr Shimon Peres, the Israeli leader, to talks in Rome which Italian officials hope will contribute to the search for peace in the Middle East.

Mr Peres's three-day visit is the first ever by an Israeli head of state and is being viewed by Sig Craxi as an opportunity to demonstrate his country's even-handedness in the region, according to a senior government official.

The Israeli leader will have an audience today with Pope John Paul and the two are expected to discuss the possibility of the Vatican granting official recognition to the Jewish state.

The Italians are particularly concerned that the Peres-Craxi talks go well in the wake of a controversial meeting Sig Craxi held in December in Tunisia with Mr Yasser Arafat, the leader of the Palestinian Liberation Organisation.

Sig Craxi, criticised by several of his own coalition partners after the Arafat meeting and an earlier visit by Mr Peres was reportedly postponed



Sig Craxi: contributing to the dialogue

because of Israel's irritation about it.

An aide to Sig Craxi, last night stressed that Italy's warm and numerous ties with Arab countries "do not preclude our friendship for Israel."

Pertini's remark strikes note of discord

By James Burston in Rome

SOME characteristically frank words from President Sandro Pertini have involved Italy in the controversy over how Europe should celebrate the 40th anniversary of VE Day.

Italy's 85-year-old head of state said at the weekend that he would not "play second fiddle to Reagan" by joining him before the European Parliament in Strasbourg on May 8.

Last December he accepted an invitation to address the Parliament on May 9, to celebrate not VE Day but the European ideal. This year is also the 35th anniversary of the European Declaration of Robert Schuman, one of the inspirers of the EEC.

But a number of European MPs, mainly of the Left, and including West German Social Democrats, hoped that he would also commemorate the victory over fascism. The idea evidently went down badly at the Quirinale Palace, which issued a remarkably blunt communique saying that Sig Pertini would not be going to Strasbourg on May 8.

Then on Sunday, Sig Pertini, by then in Egypt, explained to journalists what had happened. "I think the choice of Reagan to celebrate VE Day was good thing," he said. "But then I asked myself: what am I going to Strasbourg to do? To play second fiddle to Reagan?"

But he also confirmed that he would be going to Strasbourg later, probably to June, just before his current seven-year term as President expires.

Yesterday, as some Italian politicians applauded Sig Pertini's decision and his frank explanation of it, other criticised him for an act of disloyalty.

Sig Giulio Andreotti, the Italian Foreign Minister, and M Pöhl, tried to soothe over the affair.

Rupert Cornwell reports on the pressures on West Germany to modify its plans Bumpy ride for Bonn's car pollution curbs

"WHAT ARE our poor car buyers to do?" asked a leading West German newspaper the other day. The sympathy, it may safely be assumed, is sincere.

Once upon a time, the purchase of a new car in West Germany was a fairly straightforward financial calculation. But the arrival of an array of regulations for exhaust emission controls, an issue charged with political, emotional and business implications, has changed the situation.

The game has already been complicated by the intricate system, devised by the Government, of incentives and penalties for those who do, and do not, opt to fit their cars with catalytic converters, and by the further requirement that all new cars are thus fitted from 1989 or in the case of larger models from 1983.

From July 1 this year, the virtuous will benefit from a cut in annual motor tax, the duration of which will depend on the extent of the improvement in air quality. A 50 per cent reduction in emission pollution will earn lower road tax

for the life of the car: if the reduction is only 30 per cent from present standard levels, the concession will last only three years.

From January 1, 1986, drivers who purchase a conventional new model, or who "stray dirty" with their existing car will see their motor tax go up from DM 14.40 (\$4) per 100 cc of engine capacity to DM 21.60 and DM 18.50 respectively.

Three years later, low polluting news models will be obligatory.

Now, if that were not baffling enough, another nagging fear—of official retaliation by Bonn's EEC partners to prevent these rules becoming law on schedule—has suddenly acquired ominous shape.

Last week it emerged that France had tabled formal objection to the West German plans in Brussels. The status of the complaint is still unclear, especially its duration, but this argument is in a sense secondary to the quandary of the ordinary consumer.

Already the car buyer has had to ask whether it is worth waiting until 1988 or 1989 to buy a new car instead of earlier, or whether it is better to convert an old model (new or later) in preference to racing it with a new one (clean or dirty).

What, too, is his duty to the German forests, which led to the campaign to reduce vehicle exhaust pollution in the first place? All these considerations may not be submerged by a veto from Brussels.

The main victim of the confusion so far has been the West German car industry, which directly or indirectly provides one in seven of all manufacturing jobs in the country. Twice in the past few days it has appealed for an end to doubt at home, and for compromise abroad.

Herr Eberhard von Kuenheim, the chief executive of BMW, has demanded unity. The manufacturers' association reported a 20 per cent drop in orders in the last quarter of 1984, thanks entirely to fear and

confusion over the anti-pollution question. The Government is putting a brave and tranquil face on things. It will not allow itself to be blown off course, spokesman insist, and car buyers can rely on what has already been promulgated. But such assurances, even given the formidable pressure of the environmental lobby, may not cut much ice.

Speed limits
Admittedly only France has so far gone public with formal opposition, but Bonn knows that both Italy and Britain (if for slightly different reasons) feel much the same. They have pointed to the German's failure to reduce speed limits, when they are so worried about their own.

There is a great deal at stake for France. Not only does it believe that the smaller cars in which the French, and Italian, industries specialise would be disproportionately hurt by the planned new German rules in so important an export market, but its own manufacturers, above

all the state-owned Renault, are going through a very sticky patch. For all those reasons few here doubt that a compromise must come. Bonn's affected indifference and the stridency of the French protest may, they feel, be ritual sparring in advance of the planned meeting of Community Environment ministers on March 7.

The obvious deal would be for smaller cars, up to an engine capacity of perhaps 1,400 cc, to be exempted, at least for a while, from the requirement to fit low pollution catalytic converters. The alternative, as Bonn realises, might be a bitter fight at the European court.

The exhaust emissions debate has been a classic illustration of how earlier consultation with interested parties could have prevented confusion between the Utopian and the practicable. A compromise of the type now on the cards is a distant cry from the trumpeting only last year that mandatory controls for new cars would be in force by 1986. Since then, for Bonn, it has been retreat all the way.

Vogel sees 'Star Wars' threat to nuclear arms deal

BY OUR BONN CORRESPONDENT

THE LEADER of West Germany's opposition Social Democrats, Herr Hans-Jochen Vogel, yesterday spent out the fear that U.S. insistence on its "Star Wars" strategic defence initiative could block a deal with the Soviet Union on intermediate range nuclear weapons in Europe.

Speaking at a Nato meeting in Brussels yesterday, Herr Vogel argued that the top priority for Europe at the forthcoming Geneva superpower arms talks was a cut in medium range rockets, including the cruise and Pershing 2 missiles being deployed by Nato and the Soviet SS-20s.

West Germany, moreover, feared the extra menace of the shorter range Soviet rockets which have been sited in East Germany and Czechoslovakia since the first new Pershing 2s arrived here in late 1983.

Referring with some scepticism to the whole "vision" of the Star Wars programme presented by President Ronald Reagan, Herr Vogel warned that after the Soviet Union's indication that it would only accept a "package deal" solution in Geneva, an agreement on medium range weapons would be even harder to achieve.

However, he went out of his way to stress the commitment of his party—often queried

after its hostility to Euro-missile deployment—and to West Germany staying within the Atlantic alliance and to the crucial role of the U.S. nuclear deterrent in preserving the security of Western Europe.

It was unrealistic, Herr Vogel insisted, to suggest that West Germany could drift off into neutrality, as a means of removing the barriers between the two German states. Nor could he see any time in the future when Western Europe could guarantee its own security without the U.S. deterrent.

Robert Marjolin, Diplomatic Correspondent, writes: The acquisition by the Soviet Union of a global maritime

capacity calls for an urgent review of Nato strategy to deal with the Soviet threat, particularly in the northern sector of the alliance, according to a study published today by the Institute for European Defence and Strategic Studies.

The Soviet Northern Fleet, operating from the Kola Peninsula, and its ancillary units, constitute the largest single concentration of naval power in the world, according to the study.

Once a conflict had begun, the Soviet Union could provoke a significant situation in the balance of power in the Northern Region by occupying territory on the European

mainland and various northern islands, and neutralising Norway and Denmark. Such operations could be accompanied by the deployment of the Soviet Northern Fleet, which would block Nato's reinforcements to the Scandinavian countries under attack, close the sea approaches and secure control as far as the North Atlantic and the English Channel.

To deal with the problem, the study recommends a full-scale strategic review, leading possibly to the creation of a new British-based Nato command with a British Supreme Allied Commander (Northern Europe) and a U.S. Deputy.



ALL OF THE LUXURY, NONE OF THE TAX.

Wherever you plan to be in the world (so long as it's not in Britain), there's only one place to buy a tax-free BMW.

And that's Park Lane Export. We are the sole exporters of BMWs in Britain.

And for that reason alone, you can

rely on us to deliver a BMW that meets your (and your country's) requirements, anywhere in the world.

Who in the world could resist such tax-free luxury as this?

PARK LANE EXPORT

PARK LANE LIMITED EXPORT DIVISION, TOURIST AND NATO SALES, 56 PARK LANE, LONDON W1K 3SA, TELEPHONE: 01-225 3277. FOR DIPLOMATIC SALES: COOPER ST. JAMES, 54 ST. JAMES'S ST., LONDON SW1A 1JT, TELEPHONE: 01-225 6693.

USA TOURIST SHIPMENT PLAN NOW AVAILABLE.

INDUSTRIAL RELATIONS IN EUROPE: WHAT'S THE LAW OF THE LAND?

Labour Line Europe provides the first independent information service on all major aspects of industrial relations and employment policy in Western Europe.

Our monthly Journal analyses new laws and bargaining developments, and also includes many key reference documents and comparative studies.

We also offer a multilingual

access to the most comprehensive database in this sector: electronically on-line from May 1985.

Amongst our subscribers are ICI, RTZ, FIAT, Mobil Oil, Corneil University and the International Labour Office in Geneva.

Phone Wanda Warhaftig on 01-730 9484/5/6 for more information, or cut the coupon for our introductory offer.

To: Labour Line Europe Ltd., 16 Bloomfield Terrace, London SW1W 8PQ. Tel: 01-3356 1401.

Name _____ Position _____

Company _____ Address and Tel: _____

☐ I would like an annual subscription to the LLE Journal at a special introductory price of £300.

☐ I would also receive the 3 last issues and binder free (offer closes Feb 28/85).

☐ Please contact me to discuss the database.



My job takes me away from my PC.—but nothing takes me away from my Hewlett-Packard Portable.

Working away from the office means working away from the facilities you need to work. Unless you have The Portable. The Portable is a fully portable micro computer, weighing under 9 pounds—yet it has all the features you would expect from a desktop machine.

Programs stored in ROM mean you can go to work with full Wordprocessing on MemoMaker, and statistical and spreadsheet functions with Lotus 1-2-3.

The Portable uses industry standard MS-DOS, so you can also run all the special software your profession needs.

Work when you are away from work, and plug in to your desktop PC when you get back to the office. Or you can use our battery powered range of Portable drives, printers and modems, which can travel with you wherever you go.

272 Kbytes of RAM, 16 x 80 characters

LCD, 128 x 480 pixel bit-mapped graphics—and a full-sized keyboard—The Portable has more power than many 'full-sized' computers. And a 'Help' function will make sure you can start using your Portable right away.

In fact, with The Portable, you might never want to go back to the office at all.

For more information complete the coupon, or call your nearest HP Dealer for a demonstration.

MS-DOS is a trademark of Microsoft Inc. Lotus 1-2-3 is a trademark of Lotus Development Corp. The Portable is data-compatible with the IBM PC.

Send to: Freepost Enquiry Section, Hewlett-Packard Ltd, Eekdale Road, Wetherby, West Yorkshire LS23 7BQ. Please send me full details on the Hewlett-Packard Portable. Tick here if you already have a desktop computer. ☐

PC type _____

Name _____

Position _____

Company _____

Address _____

Postcode _____ Telephone _____

HEWLETT PACKARD FT3

WORLD TRADE NEWS

Lloyd's offers reinsurance to China

BY CHRISTIAN TYLER, TRADE EDITOR

LLOYD'S of London has begun discussions with Chinese authorities that could establish the London market as the premier reinsurer of China's rapidly expanding industrial assets.

Mr Peter Miller, chairman of Lloyd's, is to visit six Chinese mainland cities in April and May at the invitation of the People's Insurance Company of China (PICC). As the first Lloyd's chairman to visit the country, Mr Miller is expected to meet Deng Xiaoping, China's paramount leader and author of the open-door policy.

Although long connected with China, Lloyd's is taking the relatively small sum of \$125m (\$113.5m) a year in premium

income from its reinsurance of PICC policies.

Mr Miller said it was a good time to be looking for new business. "Apart from the U.S. national markets have burned their fingers in the international field and are very chary of taking on international business."

Among specific deals to be discussed will be insurance cover for the proposed nuclear power station at Daya Bay in Guangdong province, for which GEC of Britain and Framatome of France expect to sign construction contracts in the next few months.

Mr Miller will also visit oil rigs off Tianjin, the Rolls-Royce

aeroengine factory in Xian and a number of joint venture companies.

More generally, Mr Miller will be looking for opportunities in the aviation and shipping industries, in catastrophe cover against flood and earthquake, and in China's space programme. The London market already has a stake in the insurance of 51 of its aircraft.

The Chinese may also wish to discuss risk-sharing for agricultural crop failures, especially where commodity exports are part of a counter-purchase deal with a foreign trader or investor.

The chairman's agenda will

include a detailed problem that has arisen over insuring ships against the risk of war. The Lloyd's standard policy refers to automatic cancellation in the event of war between the "five great powers." The fact that this formulation includes China has apparently stirred Chinese sensibilities.

Mr Miller's visit could open the way for individual brokers and underwriters anxious to advise the Chinese on their developing domestic business insurance market. This includes plans for compulsory occupational pension schemes, the fledgling house mortgage market, and export insurance.

Japanese VCR production rises 50%

By Jurek Martin in Tokyo

JAPANESE output of video cassette recorders (VCRs) reached an all time peak of 27.12m units last year, as exports to the U.S. alone more than doubled.

Preliminary figures released yesterday by the Electronics Industries Association of Japan closely parallel those disclosed earlier by the Government. They also show that VCR exports to the European Community fell by 19.2 per cent to 3.18m units, or below the 2.55m set ceiling (including kits) negotiated for calendar 1984 between Japan and the EEC.

Of the overall output, which was half as much again as the 14.22m units of 1983, export shipments amounted to 22.07m, up 44.5 per cent, while domestic shipments rose by 16.8 per cent. VCR penetration of the Japanese domestic market is now estimated to be about 20 per cent.

The U.S. alone took in 11.91m units, up from 5.44m in 1983; its share of Japanese VCR exports rose from about 35 per cent to 54 per cent. Nor did there appear to be much drop-off after the Olympics, the anticipation of which had spurred earlier buying. In December alone, Japan shipped 1.17m sets to the U.S., 32 per cent more than in the same month of 1983.

The vast U.S. appetite also spilled over into output of colour televisions, which totalled 14.48m units, a 14.4 per cent increase, the first double digit advance in four years.

Though domestic shipments dropped 1.3 per cent, exports rose by nearly one-third to just under 8m units, with the U.S. where colour TVs are also used as personal computer monitors, accounting for 1.2m, 32 per cent, up on the previous year.

But an even more spectacular advance was recorded by exports to the People's Republic of China, which rose more than sevenfold to reach 1.65m sets, not far short of the U.S. total.

In December, shipments to China easily outstripped those to the U.S., rising to no less than 305,000 completed sets.

Nigeria planning second issue of promissory notes for trade debts

BY TONY HAWKINS

The second tranche of promissory notes as part of the rescheduling of Nigeria's trade debt arrears is due to be issued early next week, according to bankers in both Lagos and London.

Last April, the Nigerian Government agreed to reschedule the uninsured trade debt arrears that had accumulated mainly in 1982-83 with an issue to trade creditors of six-year promissory notes with a 24 years grace period, carrying interest at 1 per cent above Libor.

The first tranche of notes, of \$250m (\$227m), was issued late last year, and next week's issue is believed to cover about \$300m, but the actual note issue is likely to be rather less than half this amount. This is because the \$300m includes a substantial element of insured trade debt, the rescheduling of which has still to be agreed between Nigeria and the

creditor nations. But last December, Nigeria did offer to pay interest on such verified debts despite the absence of a formal rescheduling arrangement.

The exact amount of the debt covered by the April, 1984, agreement is still unknown but Nigerian officials in Lagos last week put the final amount of uninsured trade debt at a maximum of \$3.5bn to which must be added a further \$2bn of insured trade debt. However, some bankers believe the uninsured amount is likely to be larger.

The export credit agencies representing the major western exporters to Nigeria are insisting that the rescheduling of these insured arrears must be part of a larger multilateral settlement through the Paris Club and that this, in turn, must be preceded by a Nigerian agreement with the International Monetary Fund.

Bankers estimate total claims submitted by exporters in respect of both insured and uninsured trade arrears at between \$7bn-\$8bn.

The timetable for rescheduling the uninsured arrears provided that by late March, Chase Manhattan Bank in London, which is assisting the Central Bank of Nigeria in this complex exercise, will have sent details to the CBN of the confirmed amounts.

The next stage of the exercise will be for the CBN to inform the Nigerian banks who, in turn, will have to confirm that the claims owed by Nigerian importers in respect of these trade claims have been deposited with them. This task is due to be completed by the end of April.

The actual issue of the bulk of the promissory notes—a further \$2.5bn upwards for uninsured trade claims—is to start in June.

Spanish-Algerian gas deal near

BY FRANCIS GHILES AND JAMES BALL

SPAIN and Algeria are close to settling their long running dispute over Algerian exports of liquefied natural gas (LNG) to Spain. If agreement is reached, Sr Felipe Gonzalez, the Spanish Prime Minister, is expected to pay an official visit to Algeria shortly.

The broad lines of the draft agreement reached between M Belkacem Nabl, the Algerian Minister of Energy, and Sr Alfonso Guerra the Spanish Deputy Prime Minister, include:

● Agreement by Spain to pay compensation for the LNG it had contracted to buy but not lifted under the take-or-pay clause included in the initial contract.

● Agreement by Algeria to halve its original claim of \$800m for gas bought but not lifted and accept the balance partly in goods and services.

● Agreement by Spain to double the level of its 1984 Algerian LNG liftings of 1.32bn cubic metres, principally by expanding its domestic grid and increasing gas feedstock sales to its fertiliser industry.

● Agreement by Spain to insist on the initially agreed level of 4.5bn cubic metres a year Spanish imports of LNG. Spain's state gas company, Enagas, has never lifted more

than 1.5bn cubic metres a year.

According to the latest issue of International Gas Report, the new price for the gas will rise from \$2.79 to \$3.94 per million British thermal units, bringing it into line with prices of other recently renegotiated European LNG contracts.

If these terms of settlement are confirmed, they will provide a considerable boost to Spanish exports to Algeria which, last year, fell by one third from their 1983 level of just over \$1bn. They will also allow Spanish companies to compete once again for contracts in a country where they have met with success in recent years.

Madrid to settle policy on hi-tech curbs

BY DAVID WHITE IN MADRID

THE SPANISH Government is expected to decide tomorrow on what kind of commitment it is prepared to make on controlling technology exports to East bloc countries.

U.S. pressure on Spain for a formal commitment restricting the resale of technology that can be put to military use has contributed to controversy in Spain over relations with the U.S. and with

Nato.

Spain is currently the only Nato country apart from Iceland not to adhere to CoCom, the Paris-based body which co-ordinates restrictions on the export of sensitive products and know-how.

The U.S. is understood to have made a formal request to Spain last September to start negotiations on the issue and, as an alternative to Spain's

joining CoCom, put forward a draft of a bilateral agreement.

The Spanish Cabinet is believed to have discussed the question on at least three occasions without reaching a decision.

However, time is now pressing in view of pending investments in high technology by U.S. companies and the planned visit of President Ronald Reagan to Spain in May.

World machine tool output grows by 6.5%

BY ANDREW FISHER

WORLD MACHINE TOOL output moved ahead for the first time since 1980 last year with a 6.5 per cent rise in dollar terms to a value of \$20.8bn (\$19.9bn), according to latest estimates from American Machinist magazine.

Among leading producers, only Japan and the U.S. showed major advances. But the higher value of the dollar meant most of the output rises expressed in other countries' own currencies were turned into declines in terms of the U.S. currency.

The improvement in production during 1984 followed three years of substantial decline from the 1980 world peak of \$26.7bn.

Production in West Germany, the Soviet Union, and Italy was stagnant in dollar terms. Japan, where the yen's value against the dollar was little changed, registered a 32 per cent jump to \$4.7bn.

The magazine said that Japan, still behind West Germany as

WORLD MACHINE TOOL OUTPUT AND TRADE \$m 1984 (1983)				
	Production	Exports	Imports	
Japan	4,670 (3,541)	1,492 (1,244)	161 (171)	
W. Germany	3,022 (3,193)	1,948 (1,950)	457 (453)	
Soviet Union	2,953 (3,677)	234 (246)	1,396 (1,448)	
U.S.	2,450 (2,104)	460 (466)	1,400 (946)	
Italy	1,836 (1,897)	578 (593)	194 (182)	
Other countries	6,475 (6,576)	3,948 (3,934)	3,413 (3,546)	
World total	20,804 (19,530)	8,222 (8,393)	7,015 (6,766)	

Source: American Machinist

a machine tool exporter, last year accounted for 22.4 per cent of world output, up from 18.1 per cent the year before.

The U.S. lifted its share from 10.8 per cent to 12.7 per cent. This was the combined effect of a 26 per cent rise in production and of the strong dollar in reducing the stated value of other countries' output.

Consumption in Japan soared by 28 per cent to \$3.1bn aided by a booming electronics market. Exports rose by a third and

now account for a third of the country's output.

The magazine quoted Mr Shinichi Abe, executive director of the Japan Machine Tool Builders' Association, as saying domestic recovery was the key reason for the industry's pick-up. "I'm reasonably confident that the Japanese economy will continue to roll on and 1985 will be another very good year for us."

In the U.S., growth in demand for machine tools was nearly

twice as high as domestic output, with imports filling the gap. Consumption was up by 38 per cent to \$3.65bn, putting the U.S. second behind the Soviet Union at \$4.1bn.

Output in West Germany actually showed a 5.5 per cent rise, but that was translated by the strong dollar into a 5.4 per cent drop in the final figures of American Machinist.

Domestic orders in D-Mark terms went up by 41 per cent and those from abroad by 28 per cent in the first nine months of 1984. Mr Gntman Habig, economist for the German Machine Tool Builders' Association (VDW), expected a real 10-15 per cent increase in output this year.

American Machinist said the Soviet Union's State Planning Commission had forecast a 6.5 per cent improvement in output there in 1985. In Italy, where exports account for more than half of output, further growth is expected this year.

DLT buys Fokker 50s

FOKKER, the Dutch aerospace company, has received its second order in as many months for its new Fokker 50 in a purchase that is hoped will set a trend for the airline industry.

Laura Manna reports from Amsterdam.

The Fokker 50, a successor to the F-27, was designed to operate with greater fuel efficiency and low noise levels on short-haul routes. The Dutch company hopes to exploit the growing market for aircraft used on high-frequency, regional networks.

DLT will take delivery of the first in February, 1985, and use the craft to expand its network

In December Ansett, Australia's domestic airline, indicated that it would buy 10 Fokker 50s and take an option for five.

The Fokker 50, a successor to the F-27, was designed to operate with greater fuel efficiency and low noise levels on short-haul routes. The Dutch company hopes to exploit the growing market for aircraft used on high-frequency, regional networks.

DLT will take delivery of the first in February, 1985, and use the craft to expand its network

Airlines' tax plea rejected

THE MALAYSIAN Government has rejected appeals by foreign airlines to drop a controversial tax measure designed to favour Malaysian Airline System (MAS), the national carrier, writes Wang Suihong in Kuala Lumpur.

Under the measure, introduced last October, companies which give free trips to their employees as part of their remuneration will get tax exemption if they travel by MAS.

Foreign airlines protested that this move was discriminatory and violated Rules of the International

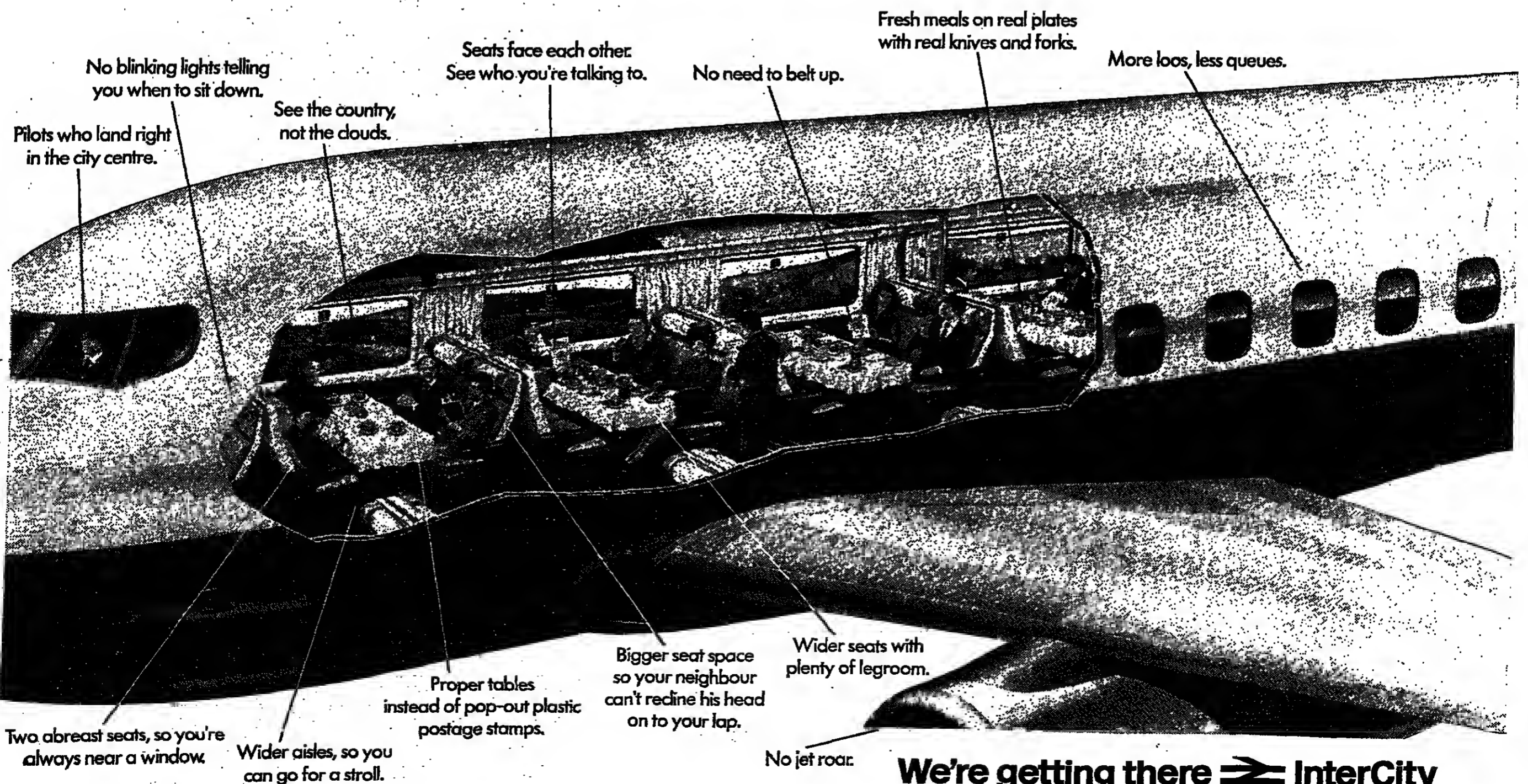
Air Transport Association, although MAS is not a member.

Foreign governments have supported the protest and have written to the Malaysian foreign ministry to make their feelings known.

Mr Daim Zaimuddin, the Malaysian Finance Minister who confirmed that the foreign airlines' appeal had been rejected, said it was the Malaysian Government's right to make such a move.

Mr Daim reiterated the move was aimed at improving the country's balance of payments.

How to improve a plane.



We're getting there ➡ InterCity

UK NEWS

Court refuses to lift order for seizure of NUM assets

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR MICHAEL ARNOLD, the High Court-appointed receiver of the assets of the National Union of Mineworkers (NUM), has failed in his attempt to have the sequestration order against the union ended or suspended.

In the High Court yesterday, Mr Justice Nicholls, who ordered the sequestration last October, said that the union had still not purged its flagrant contempt. Its attitude was still one of "open defiance" of the court and it was still trying to frustrate sequestration by strenuously resisting the recovery by the sequestrators of its assets abroad.

The sequestration was ordered last October after the NUM failed to

pay a £200,000 fine imposed for contempt of court for defying injunctions not to describe the miners' strike as official. Mr Arnold paid the fine last month out of £4.9m of union funds he had recovered from Luxembourg.

Mr Nicholls said a stay of the sequestration would be neither a satisfactory nor a practical alternative. He said that Mr Arnold could pay the sequestration costs out of NUM funds he had recovered. Those costs to date have been estimated at more than £300,000.

The case had resulted from claims by Mr Arnold, a senior insolvency partner in the accountants Arthur Young, that he was not ac-

countable to the sequestrators; that his duty was to hold the union's funds for the benefit of its members; and that costs would be saved if he alone were left to gather in the union's assets.

The sequestrators - four partners in Price Waterhouse - argued that Mr Arnold was answerable to them and that they should remain in office until they had completed their task of seizing all the assets.

The judge said it was important to distinguish between the functions of the receiver and the sequestrators.

The receiver had been appointed to replace, on an interim basis, the NUM's trustees - Mr Arthur Scar-

gill, Mr Mick McGahey and Mr Peter Heathfield - because they were unfit to continue, for the time being, as trustees of the union's property.

The receiver stood in the trustees' shoes as regards the union's property, which he was concerned to protect for the benefit of all the union's members.

The sequestrators' function was altogether different. They had been appointed to take possession of the NUM's property and collect its income and hold them until the contempt fine had been paid and the union purged its contempt.

"In the discharge of these duties, the sequestrators' right to possession of all the property of the NUM

applies as much to union property in the receiver's hands as it does to union property in the hands of the trustees whom he replaced or in the hands of anyone else."

That, the judge added, was subject to any contrary directions which the court might give from time to time. The court retained control of both the receivership and the sequestration.

The judge noted that Mr Arnold had not claimed that the sequestration impeded him from using funds for the benefit of union members. All of the £4.9m he had recovered from Luxembourg was spoken for to cover costs and other matters.

Strike cost expected to carry borrowing above target level

BY PHILIP STEPHENS

THE BRITISH Government's finances swung back into surplus last month, pushing the public sector deficit for the first 10 months of the current financial year down to £7.5bn.

The £2.4bn surplus on the public sector borrowing requirement (PSBR) in January, generated by heavy seasonal tax payments, was, however, at the low end of market expectations.

The general view last night was that the cost of the 49-week-old miners' strike would mean that borrowing over the full year to March would still probably overshoot the UK Treasury's latest £8.5bn target by a significant amount.

The market estimates that the miners' strike will add about £2.5bn in borrowing this year. In addition, the PSBR has been inflated by overruns on departmental spending and by above-target local authority outlays.

These are expected to more than offset extra oil revenues from the North Sea, and most London brokers are forecasting a PSBR for the year of £9.5bn or above.

The UK Treasury has not revised upwards its forecast but concedes that the figure is out of date because it assumed that the miners' strike would end last December.

The impact of the dispute was underlined last week by figures showing that Britain's Central Electricity Generating Board may suffer a £20m loss this year, almost entirely because of the extra cost of burning oil rather than coal.

Yesterday's statistics show that spending on supply services, which represents most of government current spending, rose by 1.7 per cent in the 10 months to January, against the same 1983-84 period. The target set in last year's budget was 5.5 per cent.

In January alone, however, the Government's finances benefited from the usual heavy seasonal tax flows and from additional revenue of about £500m resulting from new rules on value-added tax on imports.

Spending, however, was pushed up by unusually high rate (local taxes) support and student grant payments and by advance payments to the EEC.

For the financial year which begins in April the Government's medium-term financial strategy assumes a PSBR of £7bn, and the general expectation is that a figure very close to that will be confirmed in the UK budget to be presented next week.

Lex, Page 18

Drugs on cost cuts list to be amended

A GOVERNMENT announcement in its statement on the limited list of drugs which will be available in the National Health Service (NHS) from the beginning of April, Peter Riddell writes.

Mr Norman Fowler, the Social Services Secretary, is expected to make an early House of Commons statement possibly later this week announcing changes in the list. This follows vigorous protests about the original proposals, from both the drug industry and from doctors, as well as the report of an inquiry group under Mr Donald Acheson, the Government's Chief Medical Officer.

The intention of the proposals was to save about £100m out of the Government's £1.4bn annual NHS drugs bill by requiring doctors to substitute generic or similar drugs. The restricted list will account for only about 10 per cent of drugs used in the NHS generally.

Main changes will be in the categories of laxatives and painkillers partly to deal with the special problems of cancer patients, as well as the needs of children.

The Government believes that this substantially revised list will meet the worries of doctors without interference with clinical needs. The savings may be reduced by around £20m or so a year, out of the original £100m, but the balance is likely to come from reductions in drug company profits.

FLIGHT HOLDINGS - owners of the Express group of national newspapers - said it was talking to Aitken Hume, the financial services group, to "explore ways in which the two companies might form a mutually beneficial association."

The statement came after intense speculation in the City of London that Fleet was hoping to take over Aitken Hume. Fleet has made no secret of that fact that it wishes to diversify from newspapers and magazines. Last month there was speculation that Fleet itself might receive a takeover bid from United Newspapers. United has a 15.78 per cent stake in Fleet from Mr Robert Maxwell's Pergamon Press.

Lex Page 16; Details, Page 24

SOME of Britain's cathedrals are to become experimental sites for the study of the corrosion of stonework by acid rain.

The Cathedrals Advisory Commission accepted a proposal by the Central Electricity Generating Board (CEGB) for a joint study. It will be headed by Professor Jacques Heyman, a Cambridge engineer.

The House of Commons select committee on the environment last year criticised the CEGB for allegedly accelerating corrosion of stonework by power-station emissions of sulphur dioxide. It was particularly concerned about the deterioration of St Paul's Cathedral in London and York and Lincoln cathedrals.

THE GOVERNMENT is likely to set up a separate regulatory body to supervise the development of community radio.

The BBC, the Independent Broadcasting Authority and the recently formed Cable Authority are all being considered for the regulatory role, but there is a view in the Home Office that a separate authority may be required.

Mr Iwan Davies, the Home Secretary, envisages two forms of community radio. One would use a low-power transmitter to broadcast to the immediate neighbourhood. The other would involve broadcasting across a wider area to "communities of interest" such as ethnic minorities.

The more liberal approach to community radio is being combined with a crackdown on unlicensed "pirate" stations.

LEGAL proceedings will open today against Mr Bruce Kent, general secretary of the Campaign for Nuclear Disarmament, for non-payment of tax.

Mr Kent said he had withheld some tax because of Britain's refusal to reject the first use of nuclear weapons. "I am quite willing to pay the money to any legitimate national enterprise," he said. "I am prepared to fight this all the way."

De Lorean auditor rejects allegations

BY JOHN GRIFFITHS

ARTHUR ANDERSEN and Company yesterday denied "unsubstantiated" allegations made by the British Government's Northern Ireland Department of Economic Development in a suit seeking £270m damages from the accountancy group over the failed De Lorean sports car project.

The suit, filed by the department in New York, alleges that the accountancy group, the world's largest, which acted as auditors to the De Lorean companies, was negligent in failing to uncover accounting irregularities and that it practised public accounting functions "fraudulently and with gross incompetence."

The suit names the U.S. branch of Arthur Andersen, its well-known branches in Britain and the Irish Republic. The department said it had also issued protective writs in London and Belfast, although these had not been served.

Yesterday's statement, issued by the London and Dublin offices, said that while the group "sympathised" with the department's desire "to seek redress for losses associated with the De Lorean venture, we believe that redress is being sought in the wrong quarter."

"We unequivocally reject the allegations, which are without foundation, and we are confident that the suit will ultimately fail."

Some £77m of UK taxpayers' funds were lost in the 1982 collapse of the venture.

Mr Don Hanson, Arthur Andersen's managing partner in London, said that, although the writs had been served in New York, he felt it

was "not appropriate to remain totally silent" in view of the publicity surrounding the writs.

"There is a limit to what one can say in these circumstances," he said. He added, however, that "the (House of Commons) Public Accounts Committee has done a very thorough investigation. This was strongly critical of De Lorean and various government departments. Arthur Andersen were auditors to the company - we took no part in reviewing or assessing or reporting on viability and had no responsibility for monitoring."

"It seems odd to select us as a target, although it is not unreasonable to say that we should have been more vigilant where people lose money in a company goes wrong."

The Government's suit alleges that the auditors knew of irregularities in De Lorean's affairs but failed to bring them to the attention of either the British Government or the car company's investors.

A similar action has already been filed against the accountancy group by the liquidators of the De Lorean holding company in the U.S.

Yesterday's rejection of the allegations coincided with publication of another report from the Public Accounts Committee, dealing with the Northern Ireland Department of Finance and Personnel's response to the fierce criticisms made by the committee of Northern Ireland officials' handling of the entire De Lorean affair.

In it Mr George Quigley, the department's Permanent Secretary, sought to reassure the committee that the department's initial response in November had not represented a rejection of many of the committee's criticisms.

Tickets pact 'unlawful'

BY CARLA RAPOPORT

THE WAY was cleared yesterday for a free and uncontrolled market for theatre tickets in London.

The Office of Fair Trading (OFT) ruled that a nine-year agreement between the Society of West End Theatres - representing most of the West End of London's theatre managements and ticket-selling agencies - was unlawful.

The agreement controlled the level of discount a theatre manager could offer a ticket agency and the booking charge an agent could add to a ticket.

Although the agreement had been registered under the Re-

strictive Trade Practices Act, the OFT said it was contrary to the public interest and had to end.

About 20 per cent of London's West End Theatre tickets are sold through agencies, but that percentage has been increasing as a result of the high volume of U.S. tourists in London.

"Theatre managers can now adapt their prices to the market and give heavy reductions on unpopular shows," the OFT said yesterday. "This action returns commercial freedom to the theatre ticket market."

Editorial Comment, Page 16

Unfortunately dangerous substances don't always come in easily recognisable packages...

Jackfield vehicle refinishing fast thinners
contains toluene and xylene

- Harmful by inhalation
- Do not breathe vapour
- In case of insufficient ventilation, use suitable respiratory equipment
- Keep away from sources of ignition - No Smoking
- Do not empty into drains

Jackfield Vehicle Refinishers plc
14-16 Road, Bittern End, UK 40R
Tel: 01473 222222

At least until January 1st 1986, when new labelling regulations come into force.

The Classification, Packaging and Labelling of Dangerous Substances Regulations 1984 come into force on January 1st 1986. With few exceptions they cover all dangerous substances when supplied or transported.

This means your current packaging and labelling needs to be reviewed now. Send for your guidance pack right away which contains the Regulations and all the instructions you need to do the job.

Health & Safety Executive
Working to keep work safe.
St. Hugh's House, Stanley Precinct, Bootle, Merseyside L20 3QY.

1. I am a manufacturer/supplier/retailer/importer/wholesaler/other

2. I am a manufacturer/supplier/retailer/importer/wholesaler/other

3. I am a manufacturer/supplier/retailer/importer/wholesaler/other

4. I am a manufacturer/supplier/retailer/importer/wholesaler/other

5. I am a manufacturer/supplier/retailer/importer/wholesaler/other

6. I am a manufacturer/supplier/retailer/importer/wholesaler/other

7. I am a manufacturer/supplier/retailer/importer/wholesaler/other

8. I am a manufacturer/supplier/retailer/importer/wholesaler/other

9. I am a manufacturer/supplier/retailer/importer/wholesaler/other

10. I am a manufacturer/supplier/retailer/importer/wholesaler/other

11. I am a manufacturer/supplier/retailer/importer/wholesaler/other

12. I am a manufacturer/supplier/retailer/importer/wholesaler/other

13. I am a manufacturer/supplier/retailer/importer/wholesaler/other

14. I am a manufacturer/supplier/retailer/importer/wholesaler/other

15. I am a manufacturer/supplier/retailer/importer/wholesaler/other

16. I am a manufacturer/supplier/retailer/importer/wholesaler/other

17. I am a manufacturer/supplier/retailer/importer/wholesaler/other

18. I am a manufacturer/supplier/retailer/importer/wholesaler/other

19. I am a manufacturer/supplier/retailer/importer/wholesaler/other

20. I am a manufacturer/supplier/retailer/importer/wholesaler/other

21. I am a manufacturer/supplier/retailer/importer/wholesaler/other

22. I am a manufacturer/supplier/retailer/importer/wholesaler/other

23. I am a manufacturer/supplier/retailer/importer/wholesaler/other

24. I am a manufacturer/supplier/retailer/importer/wholesaler/other

25. I am a manufacturer/supplier/retailer/importer/wholesaler/other

26. I am a manufacturer/supplier/retailer/importer/wholesaler/other

27. I am a manufacturer/supplier/retailer/importer/wholesaler/other

28. I am a manufacturer/supplier/retailer/importer/wholesaler/other

29. I am a manufacturer/supplier/retailer/importer/wholesaler/other

30. I am a manufacturer/supplier/retailer/importer/wholesaler/other

31. I am a manufacturer/supplier/retailer/importer/wholesaler/other

32. I am a manufacturer/supplier/retailer/importer/wholesaler/other

33. I am a manufacturer/supplier/retailer/importer/wholesaler/other

34. I am a manufacturer/supplier/retailer/importer/wholesaler/other

35. I am a manufacturer/supplier/retailer/importer/wholesaler/other

36. I am a manufacturer/supplier/retailer/importer/wholesaler/other

37. I am a manufacturer/supplier/retailer/importer/wholesaler/other

38. I am a manufacturer/supplier/retailer/importer/wholesaler/other

39. I am a manufacturer/supplier/retailer/importer/wholesaler/other

40. I am a manufacturer/supplier/retailer/importer/wholesaler/other

41. I am a manufacturer/supplier/retailer/importer/wholesaler/other

42. I am a manufacturer/supplier/retailer/importer/wholesaler/other

43. I am a manufacturer/supplier/retailer/importer/wholesaler/other

44. I am a manufacturer/supplier/retailer/importer/wholesaler/other

45. I am a manufacturer/supplier/retailer/importer/wholesaler/other

46. I am a manufacturer/supplier/retailer/importer/wholesaler/other

47. I am a manufacturer/supplier/retailer/importer/wholesaler/other

48. I am a manufacturer/supplier/retailer/importer/wholesaler/other

49. I am a manufacturer/supplier/retailer/importer/wholesaler/other

50. I am a manufacturer/supplier/retailer/importer/wholesaler/other

51. I am a manufacturer/supplier/retailer/importer/wholesaler/other

52. I am a manufacturer/supplier/retailer/importer/wholesaler/other

53. I am a manufacturer/supplier/retailer/importer/wholesaler/other

54. I am a manufacturer/supplier/retailer/importer/wholesaler/other

55. I am a manufacturer/supplier/retailer/importer/wholesaler/other

56. I am a manufacturer/supplier/retailer/importer/wholesaler/other

57. I am a manufacturer/supplier/retailer/importer/wholesaler/other

58. I am a manufacturer/supplier/retailer/importer/wholesaler/other

59. I am a manufacturer/supplier/retailer/importer/wholesaler/other

60. I am a manufacturer/supplier/retailer/importer/wholesaler/other

61. I am a manufacturer/supplier/retailer/importer/wholesaler/other

62. I am a manufacturer/supplier/retailer/importer/wholesaler/other

63. I am a manufacturer/supplier/retailer/importer/wholesaler/other

64. I am a manufacturer/supplier/retailer/importer/wholesaler/other

65. I am a manufacturer/supplier/retailer/importer/wholesaler/other

66. I am a manufacturer/supplier/retailer/importer/wholesaler/other

67. I am a manufacturer/supplier/retailer/importer/wholesaler/other

68. I am a manufacturer/supplier/retailer/importer/wholesaler/other

69. I am a manufacturer/supplier/retailer/importer/wholesaler/other

70. I am a manufacturer/supplier/retailer/importer/wholesaler/other

71. I am a manufacturer/supplier/retailer/importer/wholesaler/other

72. I am a manufacturer/supplier/retailer/importer/wholesaler/other

73. I am a manufacturer/supplier/retailer/importer/wholesaler/other

74. I am a manufacturer/supplier/retailer/importer/wholesaler/other

75. I am a manufacturer/supplier/retailer/importer/wholesaler/other

76. I am a manufacturer/supplier/retailer/importer/wholesaler/other

77. I am a manufacturer/supplier/retailer/importer/wholesaler/other

78. I am a manufacturer/supplier/retailer/importer/wholesaler/other

79. I am a manufacturer/supplier/retailer/importer/wholesaler/other

80. I am a manufacturer/supplier/retailer/importer/wholesaler/other

81. I am a manufacturer/supplier/retailer/importer/wholesaler/other

82. I am a manufacturer/supplier/retailer/importer/wholesaler/other

83. I am a manufacturer/supplier/retailer/importer/wholesaler/other

84. I am a manufacturer/supplier/retailer/importer/wholesaler/other

85. I am a manufacturer/supplier/retailer/importer/wholesaler/other

86. I am a manufacturer/supplier/retailer/importer/wholesaler/other

87. I am a manufacturer/supplier/retailer/importer/wholesaler/other

88. I am a manufacturer/supplier/retailer/importer/wholesaler/other

89. I am a manufacturer/supplier/retailer/importer/wholesaler/other

90. I am a manufacturer/supplier/retailer/importer/wholesaler/other

91. I am a manufacturer/supplier/retailer/importer/wholesaler/other

92. I am a manufacturer/supplier/retailer/importer/wholesaler/other

93. I am a manufacturer/supplier/retailer/importer/wholesaler/other

94. I am a manufacturer/supplier/retailer/importer/wholesaler/other

95. I am a manufacturer/supplier/retailer/importer/wholesaler/other

96. I am a manufacturer/supplier/retailer/importer/wholesaler/other

97. I am a manufacturer/supplier/retailer/importer/wholesaler/other

98. I am a manufacturer/supplier/retailer/importer/wholesaler/other

99. I am a manufacturer/supplier/retailer/importer/wholesaler/other

100. I am a manufacturer/supplier/retailer/importer/wholesaler/other

HAND - DELIVERY IN PARIS

Many of our subscribers already receive their copy of the Financial Times on the day of publication. If you live in the 1st, 2nd, 7th, 8th, 9th, 16th or 17th arrondissement, Neuilly or La Defense and would like to hear more about this service, then contact:

Benjamin M. HUGHES
Financial Times (Europe) Ltd
Centre d'Affaires Le Louvre
168, rue de Rivoli
75044 PARIS CEDEX 01
Tél. (1) 297.06.23 / 297.06.30

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Starting up, relocating or expanding? Cut out the coupon for Vale Royal. You get the heart of Cheshire and a lot more too...

...factory units from 500 sq. ft. ...a unique design and build service...excellent communications...a stable, skilled workforce...a superb quality of life for all your family...



to find out more phone Richard Collingham on 0600 2021 or send the coupon to him at Vale Royal District Council, Over Hall, Winsford, Cheshire CW7 1ES

name _____
company _____
address _____

VALE ROYAL
The heart of Cheshire



A Statement by the Prime Minister of Papua New Guinea on the closure of the Ok Tedi Gold and Copper Mine.

On 1st February 1985 the interim operating licence for the Ok Tedi Gold and Copper mine, in Papua New Guinea's Western Province, expired. Following the failure of the mine operator, Ok Tedi Mining Limited, to meet conditions specified in the interim licence, the Government of Papua New Guinea has not renewed that licence. The company has been given until 28th February to effect the closure of the mine in a safe and orderly manner.

The decision follows a breakdown in negotiations between the Government and its fellow shareholders in Ok Tedi Mining Limited; Broken Hill Proprietary Limited of Australia, Amoco Minerals of America and a West German consortium made up of Metallgesellschaft A.G., Degussa A.G. and D.E.G.

The negotiations were held in order to obtain a commitment from the company to continue the project along the lines specified in the contract signed by the company and the Government in 1980. The basis of this contract was the extraction of gold ore and subsequently the development of a copper mine with an estimated life span of twenty-five years.

Every indication is that the company intends to develop only the gold resource and is no longer committed to proceeding with the copper mining project. This is apparent from its failure to comply with specific contract conditions for the construction of:

- (a) A permanent tailings dam
- (b) A hydro-power scheme
- (c) A copper processing facility

Compliance with all of these conditions is necessary for the development of a long term copper mine.

The company argues that the price of copper has fallen and that as a result the development of the copper resource is no longer economic. The Government rejects this argument. Copper prices are cyclical and the current low price cannot be taken as a guide to investing in a mine with a twenty-five year life. Furthermore, as the shareholders have stated publicly, Ok Tedi is a "World Class" resource due to the gold contained in the copper ore.

The Government acknowledges that Ok Tedi is in a remote area and that it is consequently difficult to develop. For this reason it has been tolerant of previous failures to meet deadlines for various developments and has re-negotiated several aspects of the contract. In order to assist with the development of the infrastructure necessary for the development of the copper resource, the Government has agreed to virtually forego any revenues, including direct taxation, during the gold mining period.

At all times the Government has made every effort to see the company's point of view and assist wherever possible. In the course of the recent negotiations it has offered the company a two year breathing-space on the deadline for the construction of the copper facilities and has also offered to meet the first two-year's cost of the hydro-power scheme.

The Government believes that Ok Tedi remains a sound commercial proposition and has no doubt that the development of the resource will continue over a long period of time.

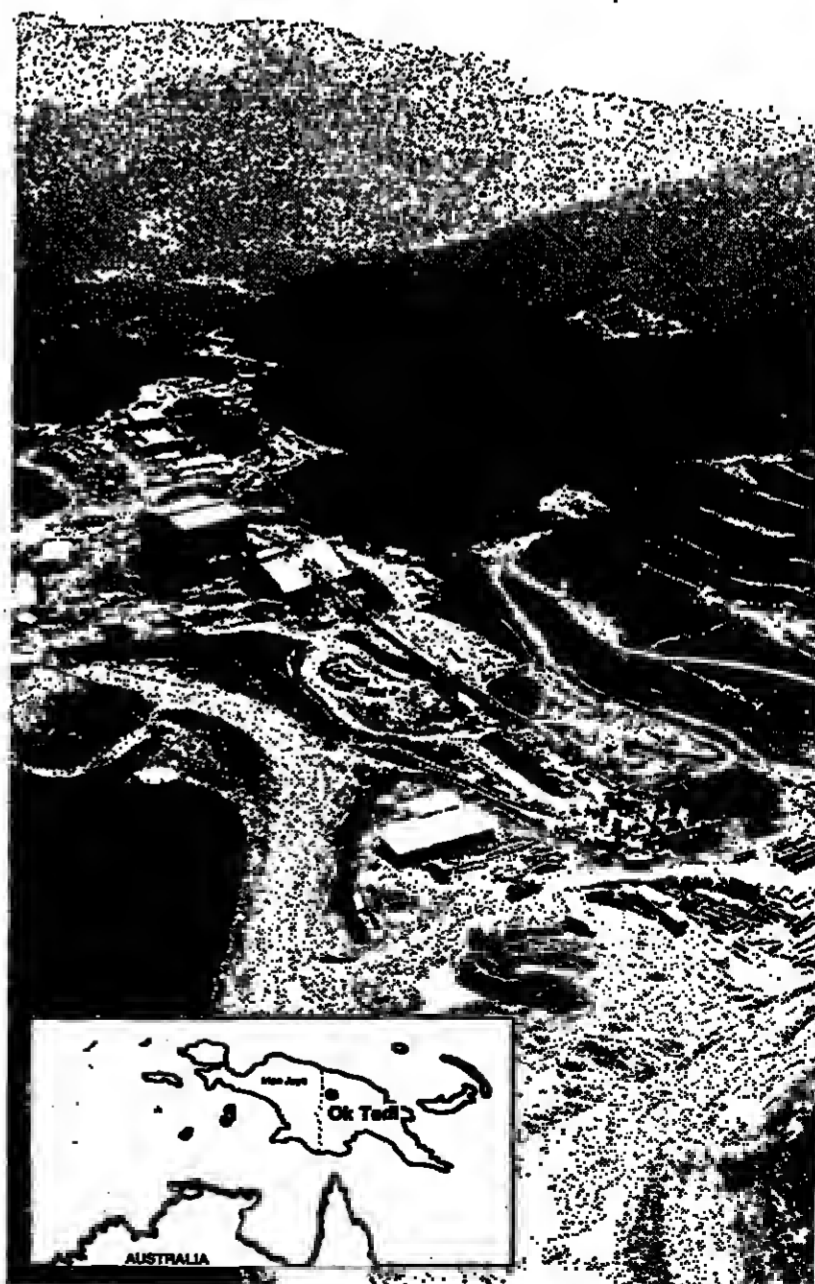
The Government is now taking steps to ensure that Ok Tedi Mining Limited meets its legal and

moral obligations, along the lines specified in the contract. It believes these to be in the long term interests of Papua New Guinea, its people and its environment.

This is purely a contractual dispute between the Government and Ok Tedi Mining Limited. It has no bearing whatsoever on other contracts and arrangements into which the Government has entered.

Papua New Guinea is a democratic country and is a member of the British Commonwealth. The Government's policy of welcoming foreign investment is unchanged and it looks forward to continuing mutually beneficial relationships with overseas investors.

**M.T. Somare,
Prime Minister.**



HRD 5545

UK NEWS

Peter Riddell discusses Thatcher's visit to Washington

'Frank talk' between friends

MRS MARGARET THATCHER'S attitude to the U.S. has always been ambivalent.

In public, there has been the warm and frequent celebration of the Anglo-American "special relationship" and praise of the U.S. business culture. That approach, no doubt, will be predominant during the Prime Minister's two-day visit to Washington, which starts later today.

Beneath the surface, there have been and are tensions and reservations over both foreign and economic policy. Mrs Thatcher regards any differences as no more than frank talk among friends. This is true up to a point.

Thatcherism and Reaganism, however, for all their rhetorical similarities and common electoral success, have developed in differing and at times conflicting ways.

On economic policy, for example, there has been a marked divergence. When President Ronald Reagan took office in January 1981 (19 months after Mrs Thatcher), a common view among U.S. conservatives - even one held by Mr Donald Regan, the Treasury Secretary - was that the U.K. experience was a warning. It was not an example to be followed.

The word "Thatcherisation" was used to mean a failure to implement promised policies. Mr George Gilder, one of the main apologists for the New Right, warned of the

"cautionary tale of Mrs Thatcher who has failed to combine the reduction in basic monetary growth rates with a reduction in government taxing and spending."

At the time, the U.S. was embarking on its supply-side experiment. It was assumed that large-scale tax cuts would stimulate output sufficiently rapidly to boost tax revenues and so offset any initial rise in public borrowing.

Mr Nigel Lawson, the UK Chancellor of the Exchequer who was at that time the Financial Secretary to the Treasury, described this proposition as "simply too good to be true." British ministers favoured fiscal and monetary orthodoxy and the belief that tax cuts should accompany, rather than anticipate, reduced public expenditure and should not risk an increase in borrowing.

Subsequent events - the rapid growth in U.S. output, the large federal budget deficit and high real interest rates - have confounded or confirmed the prophets, according to taste. At any rate, U.S. criticism of "Thatcherisation" has become more muted. Yet the dollar's levitation act has produced many problems for Europe and complaints from Mrs Thatcher and her ministers.

The Prime Minister will no doubt be forthright in her many private meetings with U.S. economic leaders about the budget deficit and the

dollar. But in public she is likely to adopt a softer approach, praising the Reagan Administration for what it has already done, rather than being too critical.

On foreign policy questions, Mrs Thatcher has often proclaimed a view of the global Soviet threat similar to President Reagan's. But there have been frequent strains. In President Jimmy Carter's time there were doubts over sanctions against Iran.

Since 1981 there have been disagreements over U.S. opposition to European participation in the Soviet gas pipeline (with related issues of extra-territoriality), over military taxation, over Washington's initial equivocal diplomatic attitude during the Falklands war (later more than overshadowed by the considerable secret intelligence and material help), over the invasion of Grenada and, most recently, over the so-called "star wars" proposals.

Mrs Thatcher has always been keen to minimise these tensions, yet they have reflected growing differences of interest between the U.S. (looking to Central America and the Pacific) and Britain and other European powers.

Despite these reservations, Mrs Thatcher remains unstinting in her praise for the U.S. In her recent interview on a Channel Four television programme, she noted that the U.S. had "free enterprise built into her constitution. She has no Social-

ist Party and no danger of ever having one. She is the land of free enterprise; she is the land of freedom; she is the country of last resort and of safe haven for money."

President Reagan could not have phrased it better himself.

It is hardly any wonder that each of Mrs Thatcher's half a dozen visits to the U.S. since 1979 have been triumphs, especially since the Falklands war. There has not only been mutual admiration between President and Prime Minister but also a considerable popular appeal based on her strength and leadership.

Ironically, Mrs Thatcher has been vocally pro-American just at the time when the British public has become more anti-American. In an article in last October's issue of Public Opinion, published by the American Enterprise Institute, Professor Ivor Crewe of Essex University wrote that, for all President Reagan's domestic popularity, he is very unpopular among the British public, much more so than President Carter.

This appears to have led to a steady decline in British confidence in the U.S. as a world power, now at a lower level than during the Vietnam war.

What worries the British public does not appear to concern Mrs Thatcher, who described herself during an "eye-of-departure" U.S. television interview as "President Reagan's greatest fan."

Motion backing EMS supported by 26 MPs

BY OUR POLITICAL CORRESPONDENT

PRESSURE from MPs for Britain's full membership of the European Monetary System (EMS) has increased at Westminster with the tabling of a motion backed by Mr Geoffrey Rippon, the former Tory Cabinet minister, and by Mr Roy Jenkins, the former leader of the Social Democratic Party.

It calls upon the Government to take the necessary steps to become a full member of the EMS without further delay. All the 26 signatories so far are Conservatives apart from Mr Jenkins and Mr Richard Wainwright, the Liberal Party's economic spokesman.

The main backers of the motion are Mr Hugh Dykes, the secretary of the European Movement, Sir Bernard Braine and Sir Michael Shaw as well as a number of senior Tory back benches.

In addition, Mr Edward Heath, the former Conservative leader, has also strongly urged Britain's membership of the exchange rate mechanism of the EMS.

The Bank of England and the Foreign Office also believe that the time has now come for Britain to join the system which has been established for more than six years.

So far, there is no evidence that



Mr Edward Heath: Strongly urges EMS membership

either Mrs Margaret Thatcher, the Prime Minister, or Mr Nigel Lawson, the Chancellor of the Exchequer, have been persuaded of the merits of the case.

They have argued that it would have made no difference to the pound in recent months to have been a member of the EMS given that the pressures were on the sterling/dollar rate, not the sterling/EMS rate.

Cost of video piracy cut by £17.5m in past year

BY RAYMOND SNODDY

VIDEO PIRACY in the UK has been reduced from 30 per cent of the market to about 20 per cent over the past year, the Federation Against Copyright Theft (Fact) said yesterday.

The cost of piracy had been cut from £40m to £22.5m at trade prices over the year.

"We are winning the battle against piracy. We have saved something like £17.5m over the past 12 months, and that goes to keeping people in jobs," Mr David Rozalla, managing director of Warner Home Video and vice-chairman of Fact, said.

Mr Rozalla estimated the size of the video cassette market in the UK at £113m last year.

The anti-piracy breakthrough has come from a secret system of marking films which has allowed Fact investigators to discover which cinema original prints were stolen from.

"The marked films enabled us to track down and convict leading criminals involved in a multi-million-pound video piracy operation," said Mr Peter Duffy, a former head of the anti-terrorist squad at Scotland Yard and now director of investigations at Fact.

The main threat now comes from imported pirated tapes of films

THE TREASURY'S view that raising income tax allowances would be a good way of increasing work incentives is strongly challenged today by the influential Institute of Fiscal Studies (IFS).

The institute, which is an independent body for the study of the economics of taxation, makes the comment in a detailed analysis of the Chancellor of the Exchequer's options for his budget on March 18. It says that the effect of raising allowances is greatly misunderstood. The measure might even reduce people's desire to work, by increasing their take-home earnings.

Raising income tax allowances is, however, a central part of the Government's strategy for cutting the burden of direct tax and improving incentives. The Treasury has indicated that it strongly favours the

idea of raising tax allowances by more than the rate of inflation this year rather than using any available money to cut the basic rate of income tax.

"The real level of allowances has been raised in each of the last three budgets. The IFS says that if the same resources had been used to cut the basic rate, it would now be 27 per cent instead of 30 per cent."

The IFS comments: "It is unfortunate that the laudable desire to raise tax thresholds is so often supported by arguments which are based on confusion and muddled analysis. One argument for raising tax allowances is that it will improve incentives to find employment or increase earnings. The other

is that it will benefit the most poorly paid."

It is true that raising allowances gives proportionately more to taxpayers at the lower end of the scale, because everyone gets the same cash benefit. On the other hand, raising allowances will do little to increase work incentives.

"If this is the Government's objective, it would be better achieved by almost any other way of cutting taxes - such as reducing the basic rate - or, more effectively still, by reforms to the benefit system," the IFS says.

The reason for this is that the so-called "poverty trap" affects families whose incomes range up to £120 a week, well above the level of personal allowances. The poverty trap arises when a small increase in

income is largely or completely offset by increased taxes and the withdrawal of benefits.

Families facing the poverty trap in its most severe form are those receiving the family income supplement. In such cases the marginal tax rate on increased earnings can be 80 per cent.

It comments: "Almost half of those taken out of tax would be pensioners; most of the remainder are either married women or juveniles. The only effect of an increase in income tax allowances for the majority of the heads of working families, both within the poverty trap and at higher incomes, is to raise their net incomes while leaving their marginal rates unchanged. If anything, this increased income reduces their desire to work."

A successful business depends on the right address.

Tell me how moving to Wales can bring success to my own company.

Name _____

Position _____

Company _____

Address _____

Tel. No. _____

WDA

Welsh Development Agency

P.O. BOX 100, GREYFERRIS ROAD, CARDIFF CF1 1WE. TEL: FREEPHONE WALES.



IF THE WELDING ISN'T STRONG ENOUGH, THE CAR WILL FALL ON THE WRITER.

That's me, lying rather nervously under the new Volvo 740.

For years I've been writing in advertisements that each spot weld in a Volvo is strong enough to support the weight of the entire car.

Someone decided I should put my body where my mouth is. So we suspended the car and I crawled underneath. Of course the Volvo lived up to its reputation and I lived to tell the tale.

But the real point of the story is this; the Volvo 740 may

have a different body shape, a fast and frugal new engine, a new interior and a new suspension system, but in one respect it's just like the Volvos of yore.

It's so well built you can bet your life on it.

I know. I just did.

To: Volvo, Springfield House, Mill Avenue, Bristol BS1 4SA.
Please send me details. 74/51-05-COR

Mr/Mrs/Miss _____

Address _____

Postcode _____ THE NEW VOLVO 740. FROM £22,499.

TECHNOLOGY

EDITED BY ALAN CANE

AMPLIFICATION METHODS IMPROVES SENSITIVITY

A boost for diagnostics

BY PETER MARSH

DEVELOPMENT of an ingenious biochemical procedure to improve greatly the sensitivity of conventional immunoassay techniques in hospitals and research laboratories is beginning to pay dividends for a small Cambridge company.

IQ (Bio) was set up four years ago to tap the fruits of work in Cambridge University's biochemistry department. The main aim was to find commercial applications for a biochemical technique called amplification that the company has patented.

In this, researchers find a way to multiply the numbers of molecules of proteins for example, that they wish to identify in chemical tests called immunoassays. The latter are standard techniques to detect diseases and general changes in the body's condition.

IQ (Bio) has announced three products based on its amplification work. All are kits of chemicals that will detect small amounts of organic substances.

The kits test for prostate acid phosphatase (a chemical associated with cancer of the prostate gland), Chlamydia (a sexually transmitted disease) and progesterone, a hormone secreted during changes in a female animal's reproductive cycle.

The test for Chlamydia is sold by Boots-Celltech, the British medical-diagnostics company, under an arrangement with the Cambridge enterprise. The progesterone kit will be sold to veterinary workers by Hoechst, the West German chemicals company.

With the kit, researchers will monitor the reproductive cycle of cows and other animals to test for the optimum time for artificial insemination.

IQ (Bio) has an annual turnover of about £500,000 but aims to increase this fivefold over the next three years. The 55-strong company is examining how to extend its amplification technique to other diagnostic kits that would detect the first signs of infectious diseases such as hepatitis.

The Cambridge enterprise is also examining how to apply amplification to monitor the formation of certain hormones, for example those secreted by the pituitary gland, which can indicate cancer.

Biochemical amplification can identify very small amounts of organic material—of the order of a few billionths of a gram per millilitre. As a result,

kits based on the procedure promise to give doctors an early warning of diseases, enabling them to treat the patient before the condition has gained too strong a hold.

The Cambridge company's products are based on immunoassay techniques. These are procedures by which chemists add monoclonal antibodies, very pure forms of the antibodies naturally present in animals to ward off disease or infection, to a mixture that contains an antigen such as a protein or bacterium.

In a human or animal, the body's immune system automatically triggers the creation of a host of antibodies to attack antigens that invade the body. The antibodies "mop up" the antigens by binding to them, in much the same way as a key fits into a lock.

Under the body's natural defence mechanism, a specific antibody will bind only to a specific antigen to which it is paired—just as locks will open only when matched with a par-

ticular key.

In immunoassays, scientists capitalise on this procedure by monitoring the creation of a specific kind of antibody-antigen complex formed by the coming together of "paired opposites" of antibodies and antigens. Immunoassays are thus useful in spotting certain types of antigens that may be present in small concentrations amid a host of other proteins and organic substances.

The technique relies on the formation of the complex being accompanied by some kind of physical change that is easily measured, for instance a change in colour of a solution or an alteration in the latter's spectral properties. By looking out for this change, the researcher can detect the presence of the antigen in which he is interested.

Such tests are used routinely in hospitals to find out if humans or animals are subjected to invasions of antigens that are the harbingers of specific diseases.

How Bio's booster works

The amplification procedure devised by IQ (Bio) is similar to that of three diagnostic kits that it sells. Each kit comprises an indented set of small wells in which the reagents are mixed. The kits also contain a number of chemicals used in the tests. A kit containing enough material for about 50 tests costs £50 to £100.

In the procedure, the important change that the researcher monitors is the production of a red dye, whose creation can be linked by a series of biochemical reactions to the amount of antigen that is present in the first place.

Crucially, the amount of red dye that is formed from the process is 500-1,000 times the amount of the antigen that is present. This enables researchers to detect very small quantities of the latter. There are four main steps:

1—The scientist places a liquid sample (which is thought to contain an antigen) inside a small well of plastic to whose surface is bonded the antibody that is the "pair" to the antigen. Providing the latter is present, a bound complex results.

2—The worker then adds another liquid, called the con-

jugal. This contains a second set of antibodies, to the "tails" of which an enzyme, alkaline phosphatase, has been attached as a marker. The result is a series of bigger organic complexes each of which have the enzyme tagged on to one end.

3—Another chemical, nicotinamide adenine dinucleotide phosphate (NADP), is added. The enzyme strips off the phosphate part of this chemical to give a substance called NAD.

4—A third substance is then poured into the mixture. This is a set of two enzymes, one of which catalyses (speeds up) the conversion of NAD to another chemical called NADH₂, and the other which catalyses the reverse reaction, reforming the NAD. The composition of the mixture thus cycles between a large amount of NAD and a similarly large quantity of NADH₂. In the process by which the NAD is reformed, molecules of a red dye, derived from an iodotetraolium salt, are produced. As the mixture is continually producing more NAD in the cyclical process, one molecule of NAD present in the original mixture gives rise to a great many more molecules of the dye, so explaining the amplifier effect.

Automation

Cams give way to micro driven actuators

By Geoffrey Charlish

AN ALTERNATIVE to shaft-driven cam actuators which should be of interest to those developing flexible manufacturing or assembly equipment is offered by Cam Systems of Bury St Edmunds (0243 765795).

The system gives much more freedom of action to designers who customarily need to move parts of a machine in a synchronised repetitive cycle and who would normally use a rotating shaft with cams.

The latest attack appears in last month's issue of Designer aimed well between the eyes by Mr Ian Bradshaw, Picture Editor of The Telegraph Sunday Magazine. "There is an old saying that those who can, do. Those who can't teach. When it comes to photography . . . the saying should be amended to 'And those who can't teach photography, teach photography,'" he says.

The recurring cause of frustration in the profession is, of course, the camera. As Mr Bradshaw brutally puts it, "young hopefuls . . . will achieve nothing listening to some lecturer filling their heads with totally erroneous views on the world he knows nothing about."

A similar but more circumspect concern has been expressed less publicly by a bursary jury at the Royal Society of Arts. In the last two years, the RSA's Photographic Design jury (of which I must declare myself a member) has found grave difficulty in awarding a total of £5,650 to successful student entries—because they just were not good enough. Even a round-table meeting with the heads of some photographic departments, held prior to this year's bursaries, failed to improve matters—indeed, seemed to reaffirm the gap between the academics and the profes-

sionals. No special programming language is needed and the initial program input and any amendments are easily carried out using four function keys and a small numeric keypad. Re-programming to adjust stroke length or timing is quick and simple.

Resolution of the programmed movement is good, since Precam-40 breaks the cycle into 32,000 separate elements, making it suitable for most applications. Stepper motors or normal AC or DC motors can be controlled by the microprocessor.

Now that they have developed it, engineers at the company tend to see the system as a multi-axis robot and believe it will have a wider application than was first thought.

Shot between the eyes for the educationists

IF THE prosperity of Britain relied on a constant supply of young people wanting to be photographers, film-makers or video producers, we would have no problem. Many of those who turn their backs on science and engineering assume that the audio-visual media will provide a convenient outlet for their creative brilliance, making minimal demands on intellectual and technical skills.

Unfortunately, the assumption is also shared by too many of those responsible for the education of photographers and film-makers, with the consequence that many professionals working at the coal face have periodic outbursts about the inadequacies of the system.

The latest attack appears in last month's issue of Designer aimed well between the eyes by Mr Ian Bradshaw, Picture Editor of The Telegraph Sunday Magazine. "There is an old saying that those who can, do. Those who can't teach. When it comes to photography . . . the saying should be amended to 'And those who can't teach photography, teach photography,'" he says.

The recurring cause of frustration in the profession is, of course, the camera. As Mr Bradshaw brutally puts it, "young hopefuls . . . will achieve nothing listening to some lecturer filling their heads with totally erroneous views on the world he knows nothing about."

A similar but more circumspect concern has been expressed less publicly by a bursary jury at the Royal Society of Arts. In the last two years, the RSA's Photographic Design jury (of which I must declare myself a member) has found grave difficulty in awarding a total of £5,650 to successful student entries—because they just were not good enough. Even a round-table meeting with the heads of some photographic departments, held prior to this year's bursaries, failed to improve matters—indeed, seemed to reaffirm the gap between the academics and the profes-

sionals. No special programming language is needed and the initial program input and any amendments are easily carried out using four function keys and a small numeric keypad. Re-programming to adjust stroke length or timing is quick and simple.

Resolution of the programmed movement is good, since Precam-40 breaks the cycle into 32,000 separate elements, making it suitable for most applications. Stepper motors or normal AC or DC motors can be controlled by the microprocessor.

Now that they have developed it, engineers at the company tend to see the system as a multi-axis robot and believe it will have a wider application than was first thought.

Video & Film

BY JOHN CHITTOCK

are less popular, and training is almost a dirty word. Indeed, those who aspire to obtaining a degree in photography, film or television will probably seek it through one of the courses approved by the Council for National Academic Awards—the emphasis again academic, and the degrees invariably Bachelor of Arts, not craft, science or technology.

Anyone who seriously wishes to make a career in photography, film or television should ponder on such issues. Whereas a sound cultural appreciation of the media is important to the professional (and has been frequently missing), basic skills are essential. And the older hands, who wince at the attitudes and capabilities of students ready to overthrow the charge of the Light Brigade or the launching of a space shuttle. The resourceful will succeed, with or without training, as long as they have talent.

Little hope then for the young lady, typical of many, who telephoned me last week for advice on how to get a job in video production. Now doing a video course; has already graduated in drama. But my attempts to dispense advice were punctuated at 30 second intervals by telephone pips. Her long distance call was from a telephone box—presumably expecting that the first and each successive 10p or 30 seconds would suffice.

Such resourcefulness would never get the West's first TV interview with Mr Gorbachev or the Indian government's co-operation to make a film about Gandhi. No wonder Mr Bradshaw has a point.



Agriculture

Apricot for Farmdata

FARMDATA, a company which has specialised in tailor-made computing systems for large farms, is launching a new series of software packages based on the ACT Apricot personal computer range.

The idea is to provide a package costing £3,500 or so for hardware and software the best features of Farmdata's multiuser systems which start at about £8,000 and run on the Onyx range of machines.

Farmdata, along with Farmplan and Farmfax, are major providers of software to the UK farming industry. It is a sector which promises substantial growth. According to a report by Michael Longy Associates last year, in 1979 less than 40 farmers in the UK used on-farm computers. In 1982 the figure had risen to over 500 and estimates for this year exceed 3,000.

Farmdata is an independent organisation partly funded by the Scottish Development Agency and CIN Industrial Investments. More on 0953 32088 or 046 75457.

Semi-conductors

Toshiba's one megabit chip

TOSHIBA of Japan has announced that it has developed the prototype of a one-megabit dynamic read and write memory chip (DRAM) which operates faster and on less power than the present generation of high-density chips which store only one-quarter as much data.

The new chip is fabricated in CMOS technology. Toshiba has already announced a one-megabit DRAM fabricated in NMOS technology.

ONE DESK KNOWS NO LIMITS

Now there's an office information system that goes beyond the clerical functions of office automation. The All-in-1 system from Digital will dramatically improve the way you and your organisation work together. By putting all the information you need on a single terminal. On your desk.

Tailored to specific needs. Easy to use. And easy to expand.

Let us work with you to evaluate the information potential of your company.

And set your mind free today, so you can imagine for tomorrow.

Digital Equipment Corporation Limited, Customer Information Centre, Jays Close, Buntingford, Cambs CB20 3BS, UK. Tel: Buntingford (0228) 555252.

digital

The world's second largest manufacturer of computers.



London Galleries/William Packer

Pamela/Wilde Theatre, Bracknell

One of the Alfred Wallis works on show at the Tate

stance of the large and substantial exhibition just opened at the Tate, the first major study of the contribution that the artists of St Ives have made to modern British art (until April 14).

But even while fixing upon the 25 years from 1939 to 1964 in its title, Dr David Brown—who's admirable piece of work the exhibition is—tacitly concedes the point at almost every turn: the first room is given essentially to Christopher Wood and, by a full spectacular wall, to Alfred Wallis; the last to more recent work by all the

Quite suddenly, with the three large landscapes that Peter Lanyon, painted around 1951—the St Just, especially—the scale is lifted, the surface of the canvas thrown open, and an ambition comes back into English painting to be modern in the grand manner. There is nothing precious, nothing.

Studio in Montpellier Street, SW7, for example, with a group of largely recent works by present members of the colony (until February 27); and the New Art Centre in Sloane Street, SW1, which has an extremely distinguished group of works from the Fifties and Sixties by a few of the major figures, Frost, Lanyon, Heron,

played within a new 100-camera play and set it within the potent metaphor of a rehearsal room—mirrors, moving screens and clothes rails—where a run-through has been arranged for Pamela and Belville while half the company is swelling the crowd in *Coriolanus* elsewhere in the complex.

Stylistic capital as well as

ity and a price with assurance and wit. Mr. Reddington exactly captures what I take to be the hero's swarthy deviousness and cruelty gradually invaded by the undeniable appeal of the girl in his command.

The key respective emotional statements are his "I can't live without you" and her "Why can't I hate him?" These senti-

Paul Driver

for live and pre-recorded oboes, a mathematical construction whose loudness and frenzy were in salient contrast with the rest of the concert.

By the end of the evening, one had begun to tune in nicely to the intense musical slowness and quietude; thus, Somei Satoh's *Sumeru* (1982) for strings and an array of metallic percussion, from which fabulously evanescent noises (sometimes like the rustle of a wind) were drawn, was all the more absorbing for its considerable length and unshakeable placidity.

Andrew Clements

thrusting about the second programme on Sunday afternoon of Mozart, Ravel and Beethoven. It takes only a moment to adjust to the scale of the performance — the Borodin does not hurt its music-making at the audience; the sound for all its depth and richness is relatively small, and tends to draw the listener towards it rather than keeping one at arm's length. That though only focuses attention on the purity and unalloyed musicality of the playing.

Unwerving to bear the opening of Mozart's D minor quartet K421 unfolded so naturally, and

I have never heard a quartet register the scale of a Beethoven quartet so instantly and completely as the Borodin managed with Op. 59 no. 3; from the first chord it was clear that the dimensions were a magnitude greater than all that had gone before and that the playing would thus admit a greater range of expression. Doubts rarely raised themselves in the finale; should it not, for all the transparency of the textures, have carried a greater sense of finality, have seemed more obviously a summation?

Max Loppert

pared down or dulled away; to hear them rendered as though their matter can still impart fresh meaning was tonic. In questions of tempo, melodic phrasing, balance of dynamics and ensemble weight there was nothing in either work to indicate a search for egregious effects; sanity and native Mozartian logic prevailed. But good sense was complemented, and good sense must be, by good taste. Mozart performs it always must be, by delight in the invention, exuberance of appreciation—the gentle emergence of the suavely creeping semitonal bass line in the *Andante* of the *Don Giovanni* a-shiver, as it always ought to but so seldom does.

Between Mozart symphonies, Heinz Holliger came to play the Strauss Oboe Concerto. Mr. Holliger seemed the ideal kind of soloist for the occasion: a young man of undoubted perfection (despite the hallowed authority of his technical prowess there were even one or two minor mishaps in the work's early stages) but for the combination of one's talent, one's understanding, and the makes familiar things fresh. The accompaniment was not just well placed but responsive; exchanges between the oboist and various orchestral first violins were on a level of music quality for which Strauss must have been hoping.

Max Loppert

The finest parts of Alfred Brendel's recital on Sunday afternoon were the ones that Haydn began with, Musorgsky to close. In between came Schnbert's Wanderer Fantasy, but, although Brendel's authority as a Schubertian needs no underlining, there was a certain dryness, both intellectual and spiritual, that robbed the performance of excitement. Brendel's Wanderer, at least as heard on this occasion, lacks animal vitality, bigness, passionate colouring of detail; though it exhibits a demand for a comparable (with little to spare in the final stretches), this was achieved in a way that left

But of course, the performances were exemplary, and that of Musorgsky's *Picture at an Exhibition* was original, energetic, and — even in those passages where Brendel's technical equipment felt short of full — with an air of challenges faced and honestly answered. The Haydn works, the F minor Andante and Variations, and the E flat Sonata (Hob. XVI: 52), are among the composer's key-moments, and the programme note spoke aptly of Haydn's mastery of surprise gesture; it is a mastery in which

Andrew Clements

were Mayumi Fujiikawa and Nohuko Imai; their account was essentially brisk and near and un-sentimental. Miss Glover's was more poetic and more expressive of the opening tutti set the tone for what followed, with neither player willing to introduce much amplitude into her phrasing, and giving the music a feeling more than the most perfect characterisation. The most impressive movement was the Andante, in which Miss Glover's expressive phrasing and expressivity could not be denied, and there was nimble passage work from both in the finale. Miss Glover framed the two concertos with two symphonies, no. 32 in G, K. 581, and no. 34 in C, K. 583, in which

be obtained vigorous and responsive playing from her orchestra, performances that really began to take on life of their own. Curious then that her accompaniments should have seemed so unimaginative, if not after the neutrality of the uniform accompaniment introduced something nearly as uninvolved for the Concerto for two pianos, K.365, in which the pianists were Peter Katin and myself, and the pupil of Miss Martin Humphreys, many ways their playing was the antithesis of that of their string colleagues, sometimes a little ragged and cluttered, but certainly spontaneous and full of affect.

Marie Myerscough

Popularity abroad (especially Europe), and the Japanese dance world's final acceptance of Buto as valid, are celebrated in this unique festival, bringing together the hig

and beyond. The *Dairakuda-kan*, *Byakkosha*, *Dance Love Machine*, *Kunishi Kamiryo* of the *Kasai School*, *Min Tanaka* troupes, and *Teru Goi*, solo, portray poignancy, bumour, beauty in addition to the traditional grotesque and absurdities. Costume also makes a come-

Legendary founder Tatsumi Hiji-kata, oldest dancer Kazuo Ohno (now 78), and more recent exponents represent the broad scope of Butoh from its bizarre beginnings

The festival is organised by the Japan Cultural Centre. (580 0031) Yurakucho Asahi Hall and Shinjuku Bunka Centre most evenings until Feb 27.

Opera and Ballet

LONDON

English National Opera, Coliseum: Reginald Goodall's conducting and the production by Götz Friedrich are

WEST GERMANY
Berlin, Deutsche Oper: Carmen returns with Teresa Berganza and Franco Bonisoli as leads. Handel's

WEST GERMANY

Berlin, Deutsche Oper: Carmen returns with Teresa Berganza and Franco Bonisolli as leads. Handel's Messiah is presented in a scenic version by Achim Freyer for the first time. To commemorate Alban Berg Lulu is offered with Karen Armstrong in the title role. (34381).

ITALY

PARIS

La Traviata performed by Orchestra Colonne conducted by Donato Renzetti. In a Boon Opera production by Lucie Ronconi with Violetta sung alternately by Diana Soviero-Uzan, Jenny Drivinsky and Julia Kuleva. TMF-Chateliet (339.44.44).

Tristram and Isolde alternates with Konrad Bohmer's Doctor Faustus, world premiere co-produced with

Hamburg, Staatsoper: There has been much applause for the new production of *My Fair Lady*, with Gabriella Cilmi as Eliza Doolittle and Robert Gobert playing Henry Higgins. Der Troubadour brings together Lucia Plohrwight and Piero Cappuccini. Luigi Nono's rarely played *Intolleranza* has fine interpretations by William Cochran, Beatrice Niehoff and Gabriella Cilmi in the leading parts. (351151)

Frankfurt, Opera: Der Türke in Italien is conducted by Volkmar Oltich. Don Giovanni, has a new cast headed by Benjamin Luxon, Jill Gomez and Paula Page. Lulu, with a complete third act, will be offered

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the arts appears each Friday.

for the last time this week. Der Zigeunerbaron rounds off the week (8/21).

Collopy Opera: The highly acclaimed production of *Katja Kabanova*, by Jarry Kupfer, has Heidi Dornsch, Delores Ziegler and Matthias Hille. (20781).

Munich, Bayerische Staatsoper: Wozzeck is ideally cast with Karl Rittig as Dr. Mephisto and Margitta Lippert as the Fleederman is a traditional Old Schenk production. It convinces thanks to Carlos Kleiber's eloquent conducting. Orpheus and Eurydice is conducted by Heinrich Bender with Kornelia Wolkopf, Pamela Cornburn and Kulle Kuntmann. (21 851).

BRUSSELS
L'Esir d'Amore conducted by Sir John Pritchard with Vincenzo La Scola and Alberto Rinaldo. Théâtre Royal de la Monnaie. (2181211).

Roma, Teatro dell'Opera: *Le Perichole* conducted by Pierluigi Urtini with choreography by Lorna Maxine and scenery by Michel Lecoq. The cast includes Anna Zilli, Roberto Desderi and Ugo Basso (481755).

Milano, Teatro alla Scala: *The Barber of Seville*, conducted by Piotr Wollay and Zeffirelli's new production of *Swan Lake* (with the Odette/Otello role split between Alessandra Ferri and Carla Fracci (alternating with Renata Calabry and Anna Vazsi), and *Il barbiere di Siviglia* by Rosella Hightower (809126).

Bologna, Teatro Comunale: *Abilia* sung by Ruggiero Raimondi, with

Feb 15-21

Silvano Caroli, Veriano Luchetti and Mara Zampieri, conducted by Gunter Neuhold. (222999).
Farma, Teatro Regio: Tosca conducted by Gunter Neuhold and directed by Giancarlo Cobelli, and sung by Jeannine Altmeyer, Bruno Buzgaralli and Marcello Giordano (22003).

NEW YORK

NETHERLANDS
Schweigenen, Circus Theatre. Three ballets by Jiri Kylian danced by the Nederlands Dans Theatre. New Ballet (Litovskaly), Svadeika (Stravinsky's Les Noces) and Sinfonietta (Janacek). Wed (dress rehearsal) and Thur (second premiere of New Ballet). (558 800).
The Netherlands Opera production of The Rakle's Progress by Stravinsky, directed by David Alden, with decor and costumes by David Fielding. Edo de Waart conducting the Radio Concertgebouw Orchestra, with soloists Sherrill Grace, John Rosewinski and Thomas Stewart. Tue and Thur at Amsterdam, Stadschouwburg (422 311).

VIENNA
Soprano: Tosca, widely acclaimed performance conducted by Arena with Pavaroiti, Wexell, and the Vienna Boys Choir; *Raymonda*, ballet by Petipa, Nurejev and Glasunov conducted by Schirmer, Manon conducted by Fischer; *Falstaff* conducted by Zezda with Loreang, Ludwig, Pons, Allen; *Simon Boccanegra* conducted by Marco Fezda with Fiani, Gonda, Bruson, *Gilda*rov.

har's Das Land Des Lachens conducted by Bibl. Zarewitsch. (53 24/2857).

NEW YORK
Metropolitan Opera (Opera House).—James Levine conducts the premiere season of Nathaniel Merrill's production of *Pygmalion* and *Rossini*, directed by Robert Alton. The opera company includes George Burdette and Myra Merritt, bass Simon Estes and baritone Charles Williams. Gregg Karg, soprano, and the vocal soloists will also conduct the last seasonal appearances of Lohengrin, starring Anna Tomowa-Sintow, Eva Martin and the vocal soloists. The vocalists include conducts the last performances this season of La Bohème with Catherine Malfitano, while Neeme Karjalainen conducts the last production of *La Traviata*, starring Kay Gribble and Leo Nucci. *Lindor* Center (932 6000).

New York City Ballet (New York State Theatre).—The company continues with mixed programmes that include 17 Balanchine, eight Robbins and three Martins ballets. *Box Office* (407-8757).

TOKYO
Tokyo Ballet Company with Jorge Donn, Palais de Cristal, Siegfried, Dichterliebe-amor di Poete, Bolero and others. Choreography: Balanchine, Maurice Bejart, Jiri Kilian. NKK Hall (Mon). (2630151).
Buto: The first-ever festival continues with Min Tanaka, Maizuka group and drummer Milford Graves (Mon. Thue); Dairakuta-kan (Wed, Thur); Shinjuku Bunka Center (Sat) (0031).

FINANCIAL TIMES SURVEY

Tuesday February 19 1985

LEBANON

The Lebanese Government is being given the opportunity by the Israeli withdrawal to re-assert its overall authority. Radical changes will be needed, however, in the country's archaic political system to ensure the recovery of prosperity

An economic cliff-hanger

THE SURVIVAL of the Lebanese state, politically and economically, will be at stake over the coming few weeks.

In the wake of the scheduled withdrawal by Israeli military forces from an area of nearly 350 square kilometres in the heavily populated vicinity of Sidon, a struggle for control of the large refugee camp of Ein Hilweh near the city is considered as an almost foregone conclusion.

If it were to trigger off large-scale fighting amongst Lebanese sectarian forces and lead to yet more shifts of population, the already tattered fabric of a state could be torn to shreds. Rightly or wrongly even moderate Lebanese politicians, officials and analysts, as well as Christian Phalangist leaders believe that this is precisely what hard-line elements in the Israeli politico-military establishment want — in the first instance, to see Palestinians tear themselves apart, and in the longer-term, to prove the Lebanese Government cannot control its territory, thereby justifying continued interference and *de facto* control of the border region south of the River Litani.

That consensus, at least, as to Israeli motives, has led to concerted effort by the Congressional leaders in Lebanon's euphemistically termed "government of national unity" formed last April, to ensure that mayhem, chaos and bloodshed, does not occur.

The prospects seem fair that two brigades of the Lebanese army, last split asunder a year ago and reconstituted for the third time since 1975, will be allowed by Lebanese sectarian warlords and their armed extremists to take control. Such an outcome will be a merciful

By RICHARD JOHNS.

relief to all citizens not blinded by sectarian hatred or myopic with factional suspicion, but it will not in itself solve the deep-rooted political problems inherent in a confessional system dating back to independence from French mandatory tutelage in 1943.

Nearly nine months after Mr Rashid Karami's Government took power it seems as far away as ever from bringing about the reconciliation recognised rhetorically by all factions as a pre-requisite for Lebanon's future as a viable entity, but in practice largely ignored. Instead the various parties regard the problems as intractable and resort ostrich-like to the hope they might eventually disappear.

Increasingly, however, a solution is being seen across a broad section of society as an immediate imperative if Lebanon is to be saved from financial insolvency and economic collapse. There is recognition of the need for a united Government capable of asserting at the least the minimal authority possessed by any other state in the world, and of offering something approaching complete security in areas not under Syrian or

Israeli military occupation. In the longer term radical changes to an archaic system will, nevertheless, be needed if the country, having overcome the immediate crisis, is to recover anything like its former prosperity.

Under the original deal reached four decades ago, the higher public offices, and representation in the national assembly were apportioned on the basis of a six-to-five Christian-Muslim ratio with more minor positions distributed elaborately amongst a multiplicity of sects.

Predominance

Essentially, it was a deal between Christian Maronites and Sunni Muslims, but it assured the predominance of the latter, giving it the presidency, army command, and governorship of the Central Bank, as well as other key posts. That arrangement continues.

The quaint National Assembly still remains very much a selective club uniting big business and quasi-fundamentalist power, although there is now a more populist, particular Moslem Shi'ite element in it.

Lebanon's pluralistic system could not have been better designed for ineffective administration, but as a means of preventing the development of a sense of nationhood. Government is still cynically regarded by critics as a means of enrichment, direct or indirect, for some of its members and their associates.

There have only been brief periods under President Chehab's regime from 1958 to 1962, the first two years of President Franje's admini-



As Israeli troops continue their phased withdrawal, the Lebanese Government is trying to take tough measures to reduce further bloodshed between rival factions. Above, centre: General Antoine Lahad, commander of the Israeli-backed South Lebanon Army, with troops as plans were being made for the pull-out

stration from 1970-72 and the premiership of Dr Selim al Hoss from 1976 to 1980 when non-confessional and technocratic pragmatism asserted itself and seemed to have a chance of ascendancy.

Laisses-faire government in an extreme form was one inevitable concomitant of Lebanon's pluralistic system, making Lebanon an entrepreneurs' paradise but depriving it of adequate infrastructure and allowing growing inequalities of wealth.

Another was the liberal economic system, the basis of the country's old growth and prosperity up to 1975 and of its remarkable economic survival until 1983 through the original civil war, subsequent intercommunal conflict and the devastating Israeli invasion of 1982.

Lebanon's unique political system also exposed the country in which latent sectarian tension has always existed, to disruptive foreign influences and made it a free zone for other powers' disputes. The disruptive effect of Arab nationalism with its appeal to the Sunni Muslims from the early 1950s, and particularly in its Nasserite form from 1956 onwards, always threatened destabilisation. The

concentration of the Palestinian guerrilla presence after it had been ousted from Jordan from 1970 led to the civil war. The Syrian occupation of a large part of the country and the Israeli invasion.

Short-lived hopes that the otherwise divisive peace agreement of May 17 1983 with Israel signed by President Amin Gemayel would lead to withdrawal of both armies had evaporated well before its abrogation by Lebanon 10 months later.

Syria's military presence originating from President Hafez Assad's move in 1976 to contain the civil war and bring about an equilibrium of Damascus's choice, looks as though it will be an indefinite feature of Lebanon. It is seen by Syria primarily as a means of protecting its soft underbelly from Israeli attack.

Decisive Syrian influence over any Lebanese Government looks like an enduring factor. In line with its ambitions for regional Arab hegemony, Syria will continue to keep Lebanon weak, playing off factions against each other and keeping a rough balance in a cynical policy of divide and rule.

The extent of Syria's influence is deep-seated. The present Government was formed under

the aegis of Syria rather than President Gemayel. It was Damascus, not the Lebanese head of state, which persuaded Mr Karami the Syrian capital's trusted man in Lebanon, to enter into the direct, abortive talks aimed at an agreed Israeli withdrawal and security arrangements.

The premier always goes to the Syrian city at time of any Cabinet crisis usually accompanied by Mr Walid Jumblatt, the senior Druze chief, and Mr Nabih Berri, the Shi'ite leader.

Virtually no one in Lebanon thinks Israel will voluntarily surrender *de facto* control over the area south of the River Litani. Despite Unifil, and whatever the actual performance of the Lebanese army around Sidon in the coming week or so, a buffer zone of the sort existing before the invasion of 1982 seems inevitable. This will be the case even if—as the Lebanese majority in Israel's coalition Government seems to want—the second phase of the planned withdrawal is completed.

Israel will have no difficulty either in asserting its influence elsewhere through well-established contacts with the Christian Phalangist party and

the Druze community of the Chouf.

Syria and Israel in their different ways make a potent prescription for paralysis as far as any Lebanese Government is concerned. As it is, the political reform sought since 1976—in effect a more equitable sharing of power—has not been advanced apart from the agreement on a 50:50 Christian-Muslim share-out. This was the basis on which the formation of the Syrian-sponsored government of national unity was based.

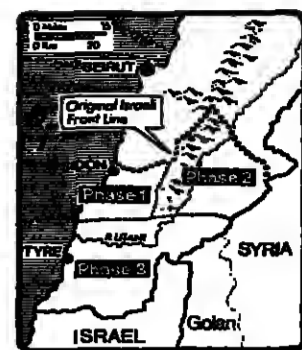
The deliberations of three multi-confessional committees which are looking into distribution of power, rights of citizenship (which could accept consensus on the demographic balance) and the revision of the decrees of the last administration (most of which look to be unconstitutional) have produced no unanimous recommendations—though they could overnight if the political bosses agreed among themselves.

Eventually any settlement would have to involve a new deal for the Maronites and the Shi'ites, now the controlling power in West Beirut, and the two biggest communities with roughly a third each of the population. It would also have to take into account the Druze community, only 8-9 per cent of the total but members of a hereditary Moslem sect with a ruthless determination to establish their own semi-autonomous status and with a formidable military arsenal and muscle which has thrashed the Phalangists and held the mind army at bay.

Druze factor

Less than ever is it a question of a basic Christian-Muslim split even if, as fratricidal hatred has deepened, the Greek Orthodox, who coexisted so amicably with Moslems during the civil war, have now tended to seek refuge in the Maronite heartland. The Druze remain the biggest maverick factor in the equation.

President Gemayel is said to be still in favour of a unitary state, though some of his Maronite advisers evidently are not. As the depth of the cumulative bitterness has been realised there has been more and more talk of confederation or cantons. Lebanese are well aware that the Swiss fought for a century or more before finding their solution—but are less appreciative of the self-sufficiency of that society.



The three areas of the phased withdrawal by Israeli troops.

Maronites and the Druze have their own enclaves more or less defined. Sunnis predominate around Tripoli in the North and Sidon in the South.

President Gemayel, disappointingly, has failed to convince the vast majority of non-Maronites that he is above inter-confessional difference. The third-time-reconstituted army is generally regarded as primarily a symbol of the Maronite authority. Until recently its deployment under various security plans in the face of various militias has been unconvincing.

Dr Hoss is credited with being the only member of the Government with a good grasp of the economic facts of life, and the only member respected by that still-resolute core of Lebanese of all sects who still cling to belief in the possibility of a sectarian unified country.

The crash in the parity of the pound, seemingly the country's only indestructible asset in recent times, has brought home to most educated Lebanese the consequences of political failure. The currency was and is one of the few non-sectarian issues. The privileged now appreciate the possible implications of economic deterioration. Raging inflation and high unemployment could bring about social explosion and anarchy cutting horizontally across vertical sectarian lines.

An active Marxist left is only waiting to exploit such a situation. The prospect of all banging together will hopefully bring about a political consensus and cohesion convincing enough to mobilise the aid required in the next few months to avert financial bankruptcy and collapse.

THE SMILE THAT SAYS WELCOME TO LEBANON



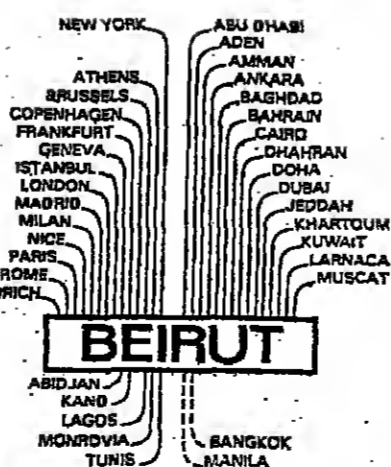
Lebanon is the crossroads for air traffic between Europe and the Middle East. And it is the home of MEA, one of the most resilient and important airlines in the region, linking London with every major centre in the Middle East.

MEA offers travellers a good deal—convenient departure times, comfortable transit facilities at Beirut and a standard of service that makes every flight an enjoyable one.

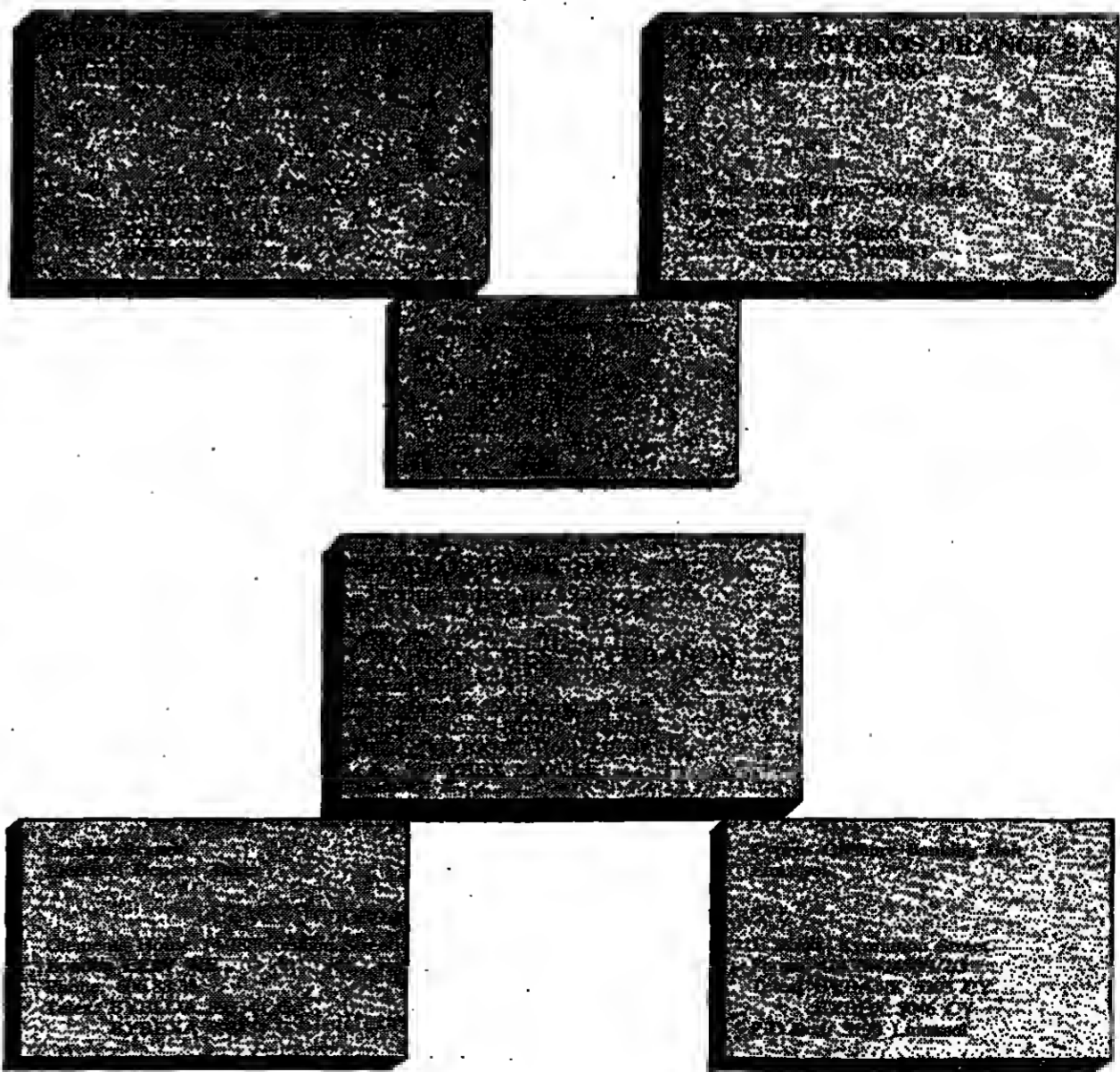
For more information contact your IATA agent or MEA, 80 Piccadilly, London W1V 0DR, telephone 01-493 5681.



MEA



BYBLOS GROUP OF BANKS



Financing International Trade Around The World

LEBANON 2

IMF report betrays a hint of desperation over Lebanon's public finance problems.

Blunt conclusions on the state's fortunes

THE LEBANESE Government can only be saved from financial collapse this year by an effective assertion of its authority in the near future and in sufficient strength to enable it to collect customs dues and tax revenues constitutionally owed to it.

These conditions are also the essential pre-requisite for the external financial assistance needed for budgetary, as well as balance of payments, support needed if the state is to acquire the essential means for anything more than bare survival over the next year or two.

That is the blunt conclusion of most independent economists and senior bankers here who are not relying on some unidirectional ex machina to save the state's fortunes. The basic financial facts, as well as known reservations of donor countries about the hapless country's government, spell out the message clearly.

The IMF is very worried, too. A recent staff report, dated January 4, said a recent mission had "expressed serious concern about the size of the financial deficit, and especially about increased reliance on central bank borrowing to finance it. Not only does the larger deficit signal a marked expansion in the relative size of the public sector debt in what traditionally has been a laissez-faire economy, but the domestic public debt service, which was non-existent before the outbreak of hostilities, now absorbs one half of total budget receipts."

Expenditure

Government expenditure has increased five-fold since 1979 and over the past two years, in particular, because of increased spending on defence and armaments, while revenue has declined. Last year it probably covered only 30 per cent of state expenditure as servicing the internal debt devoured rather more than half of income.

By the standards of its customarily reserved and polite language, the report betrays a hint of desperation about the fate of the country. It was based on consultations, held early in November, when it looked as though the Government was taking control of the ports, the most vital source of revenue, and about to implement other vital security measures.

Since then, customs dues have dwindled as the state has lost

By RICHARD JOHNS

its short-lived, uncertain grip on the ports of Tripoli and Jounieh, where the dues on the inflow of goods are being siphoned by others, at cheaper rates, diverting imports from Beirut.

Friendly governments responded to the call by the official Lebanese authorities to ensure their shipping companies called at the official point of entry, Beirut.

As often as not, businessmen say, they off-loaded only part of their cargo there, taking the bulk to Tripoli and Jounieh. Smuggling elsewhere is rife. And Lebanese merchants everywhere remain masters of under-invoicing.

Last year, customs provided only L\$400m, compared with the L\$500m expected. Customs traditionally bring in about 40 per cent of the state's income, and direct taxes, a similar proportion, with the balance coming from fees, duties and other minor sources.

The Government's expectation again this year of L\$30m from the ports could be based on pessimistic assumption about the likely flow of imports. Tariffs on them could be worth as much as L\$60m according to experienced economic observers here—though their assumption could be somewhat optimistic given the likely availability of foreign exchange.

As it is, the decision, implemented from mid-January, to levy duties on the basis of a "customs" dollar deemed to be worth L\$60m would effectively cut receipts by 60 per cent or so at present exchange rates.

The probability is that the merchants will profit from the concession passing nothing on to the consumer in an oligopolistic



A Beirut exchange dealer holds up handfuls of dollars and Lebanese pounds after the Lebanese currency lost 10 per cent of its value in a single day. Financial officials have been seeking ways to stop the rise of the dollar against the pound.

trading situation, where two or three importers dominate any particular category of goods. And certainly the corresponding rates for other currencies set seemed to favour some importers of greater influence rather than others of less status. At present it looks as if the Government will be fortunate to obtain more than L\$340m from all sources. Such an amount would be insufficient to service the Government's domestic debt servicing obligations.

"That would seem as good a definition of bankruptcy as any," observes Dr Elias Sabam, now a senior member of Beirut's banking community but formerly Minister of Finance (1970-72) and, before that, a distinguished economist at the American University of Beirut.

Mr Adel Hamiyeh, another ex-Minister of Finance (1980-1983), described the situation as "dangerous, but not desperate." When others are profiting from illegal ports, you can hardly expect others to pay their taxes.

Late last year the original draft for 1985 was revised

downwards by 12 per cent (with defence and development projects bearing the brunt of the cuts) to L\$10,850m. Some 60 per cent of projected expenditure is accounted for by the repayment of loans put at L\$ 2,810m (28 per cent); defence at L\$ 2,340m (21 per cent) and an absolute rise of 15 per cent over the 1984 figure; and education at L\$ 1,630m.

Purchased

Whatever actual spending was in 1984, the Government financed it by increasing indebtedness to the Central Bank by L\$ 6,010m to a cumulative total of L\$ 19,130m and outstanding Treasury bills purchased by commercial banks by L\$ 3,270m to a total of L\$ 19,130m.

Thus, indebtedness rose by L\$9,290m in 1984, bringing domestic borrowing to L\$30,450m, 54 per cent of it incurred since the end of 1983.

In the process, the Government came close to breaching the statutory ceiling of L\$120m

on borrowing from the Central Bank (which had been raised from L\$50m at the beginning of 1983), by a further L\$50m, bringing the limit to L\$150m.

Of last year's increment, L\$50m was to have been spent on reconstruction and development, but most of it must have been spent on recurrent spending.

The last three issues of Treasury bills have been fully subscribed by the commercial banks. But by the end of 1984, interest rates had been raised to 16.12 per cent for three-month Treasury bills, to 16.80 per cent for six-month Treasury bills and 18.34 per cent for one-year bills.

The banks' declining enthusiasm for them is indicated by the marked rise proportionately in the shorter-term paper, despite the high interest rates on the longer-term instruments and the shortage of other sound, profitable outlets for their high liquidity.

As for the high yields, the IMF report observed: "While the increase was desirable in

the short run, the authorities could not continue to pay such high interest rates indefinitely without real growth in the economy.

Less obviously, since the Lebanese pound started depreciating steadily, the Government has treated the Bank of Lebanon's "book-keeping profits" made in terms of the nominal value of the local currency as a result of the appreciation of the dollar and other foreign currencies, as ordinary budget receipts. The result of this practice has been to increase the underlying fiscal deficit as well as to weaken the Lebanese pound, says the IMF.

Moreover, all independent Lebanese economists agree that there is considerable wastage on spending. The general consensus is that 25 to 30 per cent could be saved. Social and political repercussions could be explosive though, if such an attempt was made to curb outlays.

Radicalisation of embargoes and the limitation of arms purchases in hard currency on the open market would be applauded by almost everyone. The biggest drain, however, is the inefficiency involved in the work-force of the Government, the biggest drain, however, is the inefficiency involved in the work-force of the Government, the biggest drain, however, is the inefficiency involved in the work-force of the Government.

So too does a more efficient gathering of direct taxes. That revenue base has been severely eroded; raising them is difficult in the Syrian military zone and impossible in the Israeli-occupied areas.

Basically, though, Lebanon has a sound, progressive system of direct taxation as far as corporations and salaried employees are concerned.

Merchants, professional persons and the self-employed are a different question—the level of tax people (outside the company and PAYE network) is what they want to pay," commented an academic economist. Given the choice that tends to be nothing when little is provided by the state, he returns.

Mr Hamiyeh recalls how in the last year of 1983 direct tax receipts soared as tellers at the Treasury worked overtime. The recruits were encouraged by an amnesty for arrears, as well as a discount.

Dr Sabam is strongly critical of his successor's measure, as one which penalised the honest and rewarded the dishonest. But at least the experiment seemed to elicit a response, and evoked a dormant sense of civic responsibility—which may still exist.

In the meantime, the State of Lebanon faces the looming prospect of insolvency.

Banking: system is unscathed though ownership has radically changed

'An astonishing survival'

LEBANON'S BANKING sector is the one part of the economy to have emerged unscathed from 10 years of civil war, the Israeli invasion and continued occupation of the greater part of the country.

"It is astonishing how the system has survived," says Dr Willi Rellacke, the West German general manager of Rif Bank, in which Commerzbank is a shareholder with four Kuwaiti institutions.

Dr Rellacke is one of the few expatriate bankers remaining in Beirut as foreign institutions, in particular the U.S. and Canadian ones, have been a quiet retreat from the turbulent scene. Branches and offices have been closed and minority stakes sold to Lebanese and other Arab investors. Most notably there was intra investment company's buy-out of Morgan Guaranty in 1983, and the intra Bank crash, Almaharak which gave the bank, headed by Mr Roger Tamraz, 84 per cent majority control.

Those who stayed have kept a lower profile with the U.S. ones withdrawing to Christian East Beirut. They have reduced their involvement in the economy, waiting for better times or anxious to avoid losing international face.

Arab investors have been quick to fill the breach by buying foreign shareholdings. This is an indication of the profitability of an expanding system, the attractions of banking services which made Lebanon something of an off-shore centre, and the indomitably optimistic Arab view of Lebanon's long-term future.

The consolidated balance sheet of Lebanon's banks grew seven-fold from L\$150m in 1975 to L\$78,400m in 1983, a substantial increase even after taking into account inflation and the depreciation of the Lebanese pound. After the 1983 moratorium on the issue of bank licences was lifted, 10 banks were established.

Growth of 14 per cent to L\$99,600m in the nine months to September 1984 was a real decline in the face of mounting inflation and the strengthening of the dollar. About 30 per cent of deposits are in foreign currencies.

Over the nine months outstanding credit to the private sector advanced by 12 per cent from L\$33,600m to L\$40,510m and lending to the Government in the form of Treasury bill purchases by 13 per cent from L\$14,710m to L\$16,650m. But private sector deposits were only up 11 per cent from L\$54,040m to L\$61,720m. The rate of growth has been a worrying feature of the Lebanese economy. It has been far in excess of local demand, thus leading to a high level of imports, facilitating the outflow of capital and stimulating the pound's depreciation. The fact is also that the bulk of Bank

Sabbag and the Bank of Beirut have recorded large increases in their balance sheets.

As the North Americans have moved out and other foreign banks marked time, big Arab international entrepreneurs rushed in.

Mr Rafik Hariri, the Lebanese-born Saudi businessman, took over Banque Mada and set up the Saudi-Lebanese Bank in which he holds a 51 per cent stake. Mr Sulaiman Olayan, the Saudi billionaire, more discreetly has 40 per cent of the Royal Bank of Canada in Lebanon.

The Mahfouz family, also of Saudi Arabia, bought the Toronto Dominion Bank operation, boosting its capital and renaming it the United Bank of Saudi and Lebanon. Mr William Kazan and his Saudi partners, including Prince Mohammed Bin Fahd, son of the Saudi monarch, owns the Bank of Beirut.

Sheikh Kamel Adham's al Madani group injected funds into the Banque Byblos and became partners. The ailing and almost dying Majdani Bank, the object of about L\$75m of central bank support from 1974-1982, has been revived and transformed into the Allied Business Bank by the Zadem Brothers, owners of one of Lebanon's biggest contracting groups. Most recently, Mr Issam Faras's group already well established in Paris, launched the Wedge Bank under the chairmanship of Mr Elias Sarta, the respected former president. Mr Faras, a Lebanese businessman closely linked to Prince Turki bin Abdul-Aziz of Saudi Arabia.

If all that investment has not constituted a vote of confidence, it is hard to see what would. The newer institutions and those strengthened by new ownership or shareholdings feel comfortable. For instance, only 3 per cent of Allied Business Bank's loan portfolio was inherited from its antecedent, according to Dr Elias Sabam, its chairman, and a former Minister of Finance and ex-economics professor.

While investing surplus cash in Treasury bills, it has been able carefully to choose customers. Half its deposits are in foreign currency compared with an average of one-third for all banks.

The Bank of Beirut and the Arab World, one of the most conservative institutions, decided not to expand outside Lebanon but has a majority of Saudi banks, with 12 per cent of its lending covered by reserves. For the second year

running it plans to plough back profits into a reserve fund, in line with the central bank's recommendation.

It is also planning to double its capital to L\$100m, Mr Tawfik Assaf, its chairman, says. As a matter of policy, it has been maintaining liquidity of not less than 33 per cent.

High liquidity means investing pounds in treasury bills. In November, banks lending in this form amounted to L\$15,500m, or 29 per cent of total credit, with yields having reached a record level of 16.12 per cent for 3 months, 16.80 for six months and 18.34 for one year.

But with the government's solvency in danger the banks are growing reluctant to take up more. Last year there was a sharp fall in the proportion of six-month and one-year bills held.

Inter-bank dealings have been greatly facilitated by La Societe Financiere du Liban which began operations last summer, with a fully paid-up capital subscribed by 33 banks. It was established to help the creation of a secondary market, initially by dealing in treasury bills. It had a portfolio worth L\$75m at the end of last year.

Following the critical depreciation of the Lebanese pound, it has also assumed an important role in the foreign exchange market. Since then 75 to 80 per cent of dealings were passing through it, according to Mr Tawfik Assaf, chairman and general manager, formerly with the central bank.

In the longer term the plan is that it should develop a market for new debt instruments to help mobilise funds for the reconstruction and development of Lebanon. In the short-term, while the appeal of treasury bills may be declining, some banks have speculated in the currency market, finding regulations and counterbalancing the currency's difficulties. Others have dabbled dangerously in commodities.

Liquidity is a problem for smaller houses, and the general threat from bad debt can only grow.

Mr Assaf can afford to be philosophical. "Banks have to be tolerant. Normally we recover debts sooner or later," he said. Mr Maguith Boudoukian, foreign director of Banque Libano-Francaise, and shortly to become a deputy governor of the Central Bank, says the situation was not as dangerous for Lebanese banks as it was for U.S. banks with their exposure to high debt countries.

Lebanese depositors are remaining loyal, he adds. They are covered against bank failure, up to L\$250,000.

Beirut Riyad Bank, s.a.l.
IN THE CITY OF LONDON AND AT THE WEST END
LICENSED DEPOSIT TAKER

To be able to look after all our customers' banking requirements we have an office in the heart of the City and at the West End within easy reach of Oxford Street and Park Lane. Our full range of banking services is supported by a high degree of personalised service and we pay particular attention to Documentary Credit work, Import and Export transactions. The Beirut Riyad Bank s.a.l. is able to look after your requirements both in the U.K. and of course internationally.

London Main Branch:
Licensed Deposit Taker, 9 Basinghall Street, London EC2V 5BJ
Telephone 01-726 4471 (seven lines) 01-606 7847 (dealers)
Telex: 8952831 BERYA G

West End Branch:
17a Curzon Street, London W1Y 7FE Telephone 01-493 8342/5
Telex: 296675 BERYA G

Beirut Riyad Bank
LICENSED DEPOSIT TAKER

LEBANON 3

Stopping the slide in the country's now fragile economy has become an urgent priority

Hard to see where it will all end

BACK IN the late 1960s and early 1970s the Lebanese used to talk of the "economic miracle" to explain how their country, lacking in natural resources and dependent on imported goods for most of its needs, could prosper and enjoy a rapid growth.

The answer, of course, lay in a combination of factors: its liberal economic system, bank secrecy, the opportunism of its entrepreneurs, the emergence of Beirut as the focal point of business in the Middle East, the country's tourist and recreational attractions, and— even then in those days of break-neck-boom—the remittances of expatriate Lebanese seeking their fortune or livelihood abroad.

The net result is that invisible earnings easily covered the ever-increasing trade deficit building up a healthy cushion of gold and foreign exchange reserves.

It was even more miraculous how the economy kept afloat for so long after the civil war of 1975-76, the prolonged Syrian occupation of a large part of the country, years of inter-communal fighting and finally the blow delivered by the Israeli invasion of 1982.

Quantifying the physical destruction is a difficult, perhaps impossible, task, nevertheless one of the conclusions of a study commissioned by the Bank of Lebanon and written by Prof Nasser H. Saidi, Professor of Economics at the University of Geneva, was: that the devastation done to the country's capital stock in the 1975-83 period had reduced it to about its 1964 level. He calculated that the "net destruction of non-human capital" at L5,500m in 1982 prices (the equivalent then of \$7.6bn).

Estimates

"The true loss as measured by the difference between the actual capital stock and the potential stock is more like L7.74bn." The study put the cumulative loss of output at more than L17.78bn.

Lebanon's council for reconstruction and development estimated the damage from the Israeli invasion, itemised in some detail at L27.58bn (also in 1982 prices) the World Bank Mission, which visited Lebanon, towards the end of 1982, was unable to investigate the cost of damage but said that the CDK's figure of L25.5bn as the cost of reconstruction was reasonable.

The loss of skills as a result of emigration and of life as a result of fighting is unquestionable but a very serious aspect of the economic disaster.

In the short-term, the work of Lebanese to obtain work

By RICHARD JOHNS

abroad sustained, in a different and much impoverished form the "miracle."

Their remittances were the main factor keeping the balance of payments in surplus up until 1982. The inflow of money to Palestinian guerrilla factions, roughly reckoned to be at a rate of \$1m a day, was another boost until they were dispersed by Israel's military action.

At the end of 1982, the Bank of Lebanon's foreign exchange reserves (excluding its 9,222m or of gold) reached a historic high point of \$2.6bn. Curiously in retrospect the Israeli invasion for a while revived hope of a stable political order stimulating a capital inflow and actually boosting the value of the pound until the divisive effects of the occupation and its exploitation of sectarian divisions became fully apparent.

From mid-1983, the "miracle" rapidly evaporated. The fatal blow to confidence came with the Chouf war in September 1983 and then events of February 6 last year when the Druze and Shi'ite militias wrested control of west Beirut from the army.

Having recorded a surplus of \$361m in 1982, the balance of payments (as shown by the net change on the external assets of the central bank and the commercial banks) lurched into a \$833m deficit in 1983 and one of \$1,476m in 1984 at the end of which foreign exchange reserves had dropped to \$440m.

In 1983, exports fell by 51 per cent from L5,225m while imports rose by 29 per cent from L6,125m to L6,150m, according to the Beirut Chamber of Commerce and Industry.

Invisible earnings in that year slumped by 32 per cent from L2,580m to L1,650m, according to Economists' calculations.



President Gemayel speaks at reconciliation talks in Lausanne last year. Real progress in resolving Lebanon's political problems is crucial to stemming the slide in the economy

Since then, there has been a drastic fall of income from remittances, as savings of Lebanese abroad have fallen because of the recession in the Gulf and loss of confidence in the country's future.

The fall in the net commercial assets of the equivalent of L10,800m at the end of 1983 to L9,222m at the end of November is an indication of the extent of the capital outflow.

For 1984, there is a dearth of statistics about productivity. The International Monetary Fund's recent report says: "the renewed deterioration of security conditions since the Spring of 1983 dimmed expectations and led to reduced activity, even in those areas not directly affected by the conflict. The result is that real output in 1984 is expected to be about half of the corresponding level before the conflict began in 1975."

Industry has staggered on gallantly showing the legendary resilience of the Lebanese entrepreneur in the face of the mounting cost of raw materials, on which the sector is totally dependent, lack of finance to buy new machinery and, for many enterprises, a milestone of debt.

Having plummeted in the first half of 1984, industrial

have been badly affected elsewhere by the security situation. In the general disruption and chaos, only the growing of marijuana in an expanded area of cultivation in the Bekaa can be said to have really flourished.

Observers have also noted increased cultivation of poppies presumably for the purpose of making the notorious substance, opium. Proceeds from these high value cash crops benefit only a small minority and the bulk of profits are accrued outside the Lebanon.

The country is only about one-third self-sufficient in meat and milk products.

Two years ago it was estimated that overall output in the sector was falling 2 per cent annually while population was increasing by 2.5 per cent.

Perhaps the only economic compensation for Lebanon's prolonged crisis has been the return to the land of younger people from urban centres, for want of any other job opportunities.

Established early in 1983, the Board for Foreign Economic Relations is helping to maintain exports at something like their pre-1982 level of 300,000 tonnes annually, as well as promoting Lebanon's excellent heavy red wines. The board, chaired by Mr Sami Maroun, a close confidant of President Gemayel, is still somewhat controversial with its powers overlapping and conflicting with a number of ministries in a government where economic policy co-ordination is minimal.

But the majority of businessmen seem to be in favour of it, in principle, at least, though Moslems think it is "Christian-orientated," despite multi-confessional representation on the eight-man board.

A very wealthy self-made businessman in his own right, Mr Maroun is pushing proposals whereby, on a pilot basis, the private sector would be given concessions for telecommunications, power generation and land reclamation. He believes that the private sector is better than the state at achieving anything—and Lebanon's history in happier times supports his view.

Lebanon's entrepreneurs have certainly not given up as they look ahead in hope of a new order and stability. Optimising the indomitable optimism are the Saab brothers. Together with fellow Lebanese and Arab investors, they con-

tinued to sink L53m monthly into the sumptuous Summerland Hotel and resort complex on the southern outskirts of West Beirut, now guarded like Fort Knox. Of this money, half is for improvements and half to cover operating costs of the complex.

In June, 1982, it presented the Israelis with an easy economic target and was hit by over 300 rockets, causing L44m of damage. A car bomb explosion in July, 1982, set the group back another L61m.

One day, perhaps a portion of Lebanese private foreign assets, variously estimated at anything between \$10bn and \$30bn, might come back, plus substantial other Arab investment as well. But for the moment, visionary optimism and plans for reconstruction are now enveloped in the darkness of the immediate future.

Grim truth

The appalling reality of Lebanon's predicament is now being brought home to all citizens by rapid depreciation of their currency which has fallen by about a half against the U.S. dollar since the start of 1985. The low point of more than L15 to the dollar, reached recently, compares with L2.49 at the end of 1983.

Since the slide started last summer, the tendency has been to blithely blame the "ollar mafia" of speculators. Mr Rashid Karam, the Premier, recently alluded darkly to a "conspiracy."

The Bank of Lebanon's attempts to support it have not always been adept and cost it \$25m of precious dwindling foreign currency reserves last year. It also ran them down by another \$763m to meet the Government's foreign exchange requirements which should, in the opinion of the IMF, have been obtained from the foreign currency market.

With the Government verging towards insolvency, though mercifully with only a negligible external debt, and the Bank of Lebanon with only enough reserves, apart from the precious untouchable gold (currently worth a little less than \$30m, enough for three or four months' essential imports), it is hard to see where it will all end. At least one can only agree with Prof Nadim Mulla at the American University of Beirut when he says that "we Lebanese have to realise now that we are poor."

The Board of Foreign Economic Relations Lebanon

Objectives of the Board.

- Development of foreign trade
- Promotion of tourism
- Market and technical services studies
- Lebanon's economic expansion in the world



London Office: 90 Piccadilly London W.1.



Board of Foreign Economic Relations
CREE

P.O. Box 11-5344, Beirut, Lebanon
Tel: 483391/5 & 343175/7
Telex: TOUBAN 20898 LE
& CREE 43350 LE

Offices in:
Brussels, Paris, London,
Bonn, Washington, Cairo,
Baghdad, Riyadh.

With a staff of 3,300 people, the American University in Beirut is one of Lebanon's largest employers, but its financial deficit is rising fast.

A beleaguered institution

THE SPRAWLING campus of the American University of Beirut (AUB) with its stone buildings, palm trees and aging pines shading its alleyways has produced physicians, engineers, social scientists and historians in the Middle East for three generations. The survival of this 119-year-old academic institution is now at stake.

It has a financial deficit of \$15m that is projected to shoot up to \$18m in 1986 and \$30m the year after. Student enrolment is down to about 4,000 from previous levels of 5,000 and above.

Dr Calvin Plimpton, 66, a Harvard-educated physician, recently came out of retirement to assume stewardship of the university, despite the potential danger to Americans in Beirut. He hopes to boost donations from the alumni, cut costs and steer AUB out of political and economic pressures.

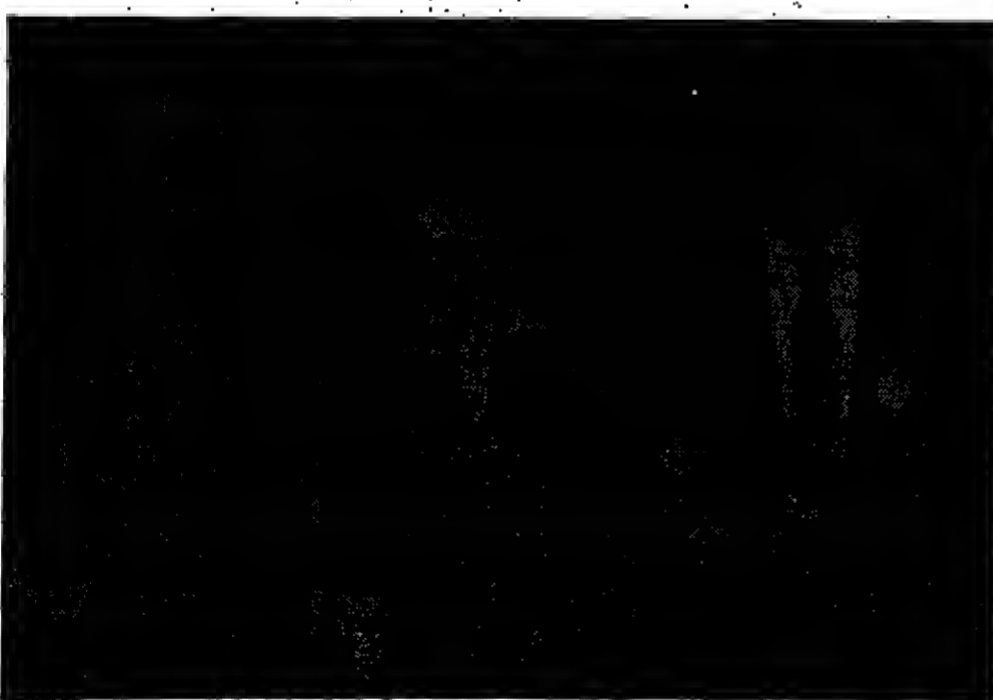
His predecessor, Dr Malcolm Kerr, was shot dead by activists on January 18 1984. They claimed to be members of Islamic Jihad, the organisation that has blown up two U.S. embassies and Marine and French troop bases in Beirut.

Dr Kerr's assassination was the severest blow ever dealt to this vital institution of higher learning, despite 10 years of civil war. In the past year, an American professor has been kidnapped and released, and a 63-year-old librarian, Peter Kilburn, is still missing.

Dr Plimpton said the U.S. Government has been the biggest supporter of the university, but it is a gross error to think that this support is unlimited or continuous. Some funds come from Middle East countries, but those depend on the state of internal security in Lebanon. Arab governments have been reluctant to infuse money into Lebanon while political turbulence and instability persist.

"AUB is not an isolated island of peace and prosperity. We have been more or less on a survival course for a number of years," said Professor Adnan Iskandar, chairman of the Department of Political Science. The university was almost forced to close its doors in 1976, fission of L610m from the Lebanese Government.

Mr William Jacobson, the director of the American University Hospital, said the Lebanese Government now owes AUB L665m. Of that figure, approximately L622m are for the treatment of casualties from 1983 to 1984, he added. The rest accounts for Ministry of



Following the assassination of Dr Malcolm Kerr by gunmen, Dr Calvin Plimpton, 66 (above, right), has taken over as president of the American University in Beirut. Mrs Kerr (centre), with her bodyguard, is seen here leaving a recent memorial mass for her husband

Health and Social Security does. The hospital is being reimbursed less and less by the Beirut Government for "third class" patients. Employing around 1,250 people, including doctors, nurses, orderlies and administrators, the hospital is running gigantic costs.

AUB has about 3,300 people on its payroll and is thus one of the largest employers in the country. Mr Jacobson says the major obstacle to the hospital's operations is the lack of security and he pointed out that this problem was not unique to the hospital. Gunmen brandishing weapons often force their way to the emergency room screaming and demanding attention for casualties they bring in. People are desperate, they want care, they are out of jobs, he said.

Unanimity

AUB's budget for 1985 is \$85m. Dr Plimpton said he was determined to fight for some degree of "financial resurrection."

Dr Plimpton insisted that the university's job was to stay. You can't buy or sell a place like this, he observed, ruling out rumors that there were plans to create another univer-

sity somewhere else in the Middle East.

There was unanimity among the university's top administrators that an American was needed as president because, not being a Lebanese, he could best resist political pressure groups and because he would not be associated with one religious community or the other. It has been difficult, however, to fend off demands for employment and student admission, a fact that has affected standards at the university.

Despite a concerted effort to get AUB out of politics and keep it non-sectarian, the complexities of religious life have permeated the walls of the university. Islamic fundamentalist students lobbied heavily to suspend classes on Friday and, as a result, courses with only one section are not scheduled between 11 and 1 that day of the week to leave the time open for mid-day prayers. AUB, a private institution, was founded in 1908 by American missionaries.

University professors emphasised that no one had yet intervened in the material they taught. "I am still dictator in the

classroom," commented Prof Nadim Mulla of the Economics Department. He teaches controversial topics such as comparative economic systems and development.

Students do resort to veiled threats at times when they are not happy with their grades. The development of an off-campus programme for Christian students and professors who are afraid of crossing from East to West Beirut is a temporary but costly venture. It is an arrangement that will be phased out, when peace comes, administrators say.

The Christian or eastern wing of the university has no laboratories or libraries. However, it has been maintained so as not to deprive those who fear for their safety from an education, according to Dr Plimpton.

Brushing aside risks for his own life, Dr Plimpton stresses that his aim is to help in keeping AUB alive so it could yield more educated men and women. Dr Plimpton concedes that there are no guarantees for the future of AUB. Quoting Robert Frost, he concluded: If something is worth succeeding in, it is also worth failing in.

NORA BOUSTANY

We can get you into business in the Middle East,

Méditerranée Investors Group - USA, Inc.

Méditerranée Investors Group - UK, Ltd.

Banque de la Méditerranée - France, sa.

Compagnie Financière Méditerranée - COFIMED, sa.

Banque de la Méditerranée, sa.

we can also get you business from the Middle East.

14, Rue Aldringen
Luxembourg, Grand Duché du Luxembourg

Méditerranée
Investors Group, sa.

BANQUE DU LIBAN ET D'OUTRE-MER S.A.L.

LICENSED DEPOSIT TAKER

CITY OFFICE

9/12 Basinghall Street, London EC2V 5BJ
Telephone: 01-493 9021 (10 lines)
Telex: 893457 LIBANK

WEST END OFFICE

111 Park Lane, London W1Y 4LY
Telephone: 01-493 4870 (10 lines)
Telex: 24514

Services offered include:

- Current and Deposit Accounts in all major currencies.
- Euro-currency Time Deposits
- Foreign Exchange
- Trade Finance
- Loans, Property Finance and other advances.
- Letters of credit—opening, confirming and negotiating.
- Letters of guarantee.

HEAD OFFICE:

Abdul Aziz Street, Hamra, P.O.B. 11-1912
Beirut — Lebanon
Tel: 346290/6 Telex: 20740 LE

30 other branches in:

LEBANON — U.A.E. — SULTANATE OF OMAN

Affiliated Banks

France

Banque de l'Orient Arabe et d'Outre-Mer
(BANORABE) — (Société Anonyme Française)
10 Rue de la Paix, 75002 Paris
Tel: 261.74.54 - 261.83.00
Telex: 211401/2 f BANOPAR
213456 f BANOPAR

Switzerland

Banque Unie pour l'Orient Arabe
(BANORIENT) — (Société Anonyme Suisse)
2 Rue du Marché, CH — 1204 Genève — 2 Suisse
Tel: 022-21.39.22
Telex: 427378 BANO CH
421392 BANO CH
Forex: 421144 BANO CH

Ivory Coast

Union des Banques en Côte d'Ivoire
(BANAFRIQUE) — (Société Anonyme Ivoirienne)
25-27 Av. du Général de Gaulle
B.P.: 4132 — Abidjan 01 — Côte d'Ivoire
Tel: 331435
Telex: 22513 - 22321 AFBANK CI

Participation in

United Saudi Commercial Bank (U.S.C.B.)
Head Office: Sitten Street, Riyadh — Saudi Arabia
P.O. Box: 3335 — Riad 11471

City's insecurity mounts in the wake of rising crime and violence, as Nora Boustany reports.

Beirut mourns a lost way of life

A HEAVY cloud of dust gave shabby buildings a ghostlike eeriness in the early morning. "God is angry with us," nodded a lone garbage collector, acknowledging the heavy sky.

This is how he summed up the spasms of violence, car bombings and spate of kidnappings that have gripped Beirut, once known as the most civilised of Middle East capitals. Though the wholesale shelling and aerial bombardment have stopped, individual crime, robberies and mysterious abductions are on the rise.

Since February last year, the predominantly western part of this Mediterranean city, referred to as West Beirut, has slipped into convulsions of anarchy and its inhabitants seem sentenced to the law of the jungle.

During the February 6 uprising in 1984, Syrian-backed Muslim militiamen defeated Loyalist Christian-commanded troops, causing a division of the army along religious lines from which it has yet to recover.

Following the battle for Beirut, the western section of town and its southern suburbs were entrusted to the mainly Shiite Sixth Brigade. However, the army force has not been able to assert itself in the face of the two dominant militias here, the Shiite Amal Movement and the Druze Progressive Socialist Party. Its ineffectiveness is due to low troop morale, the lack of cohesiveness and identification with the militias on the ground.

Refugees

The influx of refugees from South Lebanon, Beirut's crowded slums and mountain villages, unemployment and soaring prices have created unprecedented economic pressures. Car thefts, holdups in restaurants and more refined techniques of robbery have earned Beirut the nickname "paradise of thieves."

Newspapers are a daily chronicle of horrors and calamities, yet no one is caught or reprimanded, except occasionally. As a result, shopkeepers and citizens have taken the law into their own hands. Sharpshooters guard inventories and storage rooms, residents carry personal weapons and diplomats and politicians do not travel in the city without carloads of bodyguards.

With all the measures that embassies and businesses have devised for security, such as in-

stalling blastproof curtains, shutting off whole streets to traffic and barricading entrances with sandbags and barrels, the pursuit of safety remains an illusion.

Everyone's living nightmare is the terrifying carbomb, which is frequently used as a political instrument or for the settlement of scores. It is not uncommon for gunman escorting ambulances with carbomb victims to shoot their way through traffic, causing more casualties on the way.

To make light of this predicament the joke is often told that, finding living unbearable here, even roosters and dogs want to emigrate: the roosters, because carbombs now wake people up in the mornings—and the dogs because their protection is no longer needed with so many bodyguards around.

Deteriorating living conditions and repeated warnings by Shiite fundamentalists to Americans to leave Lebanon have driven the majority of them out of West Beirut or the country.

Of 2,000, roughly 200 of them remain, including diplomats, teachers, journalists, doctors and relief workers. The upsurge in lawlessness has prompted many Westerners to abandon West Beirut and hardly any Arab embassies still operate here.

Ras Beirut, the heart of West Beirut, which in more peaceful times attracted men of letters, artists and bankers, is losing its special standing, just as Alexandria did before it, and Constantinople. Its pluralism of ideas, freedom of expression and model as a disorderly but workable formula for coexistence, are threatened.

"It was the Mecca of liberalism and, as such, was mistrusted in the Arab world," says Professor Ghassan Salamé, who teaches political science at the American University of Beirut. "Now we have become worse than they



Christian Phalangist soldiers use fire extinguishers on the wreckage after a car bomb explosion outside a hotel in East Beirut

are (Arabs), so maybe we will accept to be like them," he adds.

The American University of Beirut has been credited with providing Arab nationalists with a forum and accused of breeding terrorists and guerrilla leaders.

"For a writer to be known in the Arab world, it was to be published in Beirut, to be saved in the Arab world was to come to Ras Beirut," he recalls. It was a refuge for political opponents, surrealist painters and non-conformist writers.

Beirut still enjoys the freest Press in the Arab world, a source of embarrassment and resentment for Arab regimes. Ras Beirut, the "Hyde Park of the Middle East," was not only important as a centre for cul-

ture and civilisation, but because it provided continuity for major institutions that employed thousands of Lebanese from a mix of religious confessions.

The American University of Beirut (AUB), the national flag-carrier, Middle East Airlines; the leading Arab newspaper; the banks, restaurants and hotels, were all institutions that were strong enough to protect anyone working for them. This no longer holds true.

Last year, the president of AUB, Mr. Malcolm Kerp, an American, was assassinated outside his office on campus. The vice president of Middle East Airlines, Sami Rahabi, a Christian, was kidnapped this

month and he is still missing.

To the outside observer, Beirut has become unmistakably "rural." The slaughtering of sheep on sidewalks in Beirut is only one sign of changing times. The Greek Orthodox and Sunni Muslim city dwellers, who once were dominant in this coastal metropolis, are now outnumbered by Shites and Druze whose numbers swelled in the aftermath of the Israeli invasion in 1982 and a bloody mountain war in 1983.

In a speech marking the February 6 revolt, the South Lebanon and Justice Minister, Nabih Berri suggested that once the Israelis leave, many villagers will return to their homes.

"Historically, the trend of migration from rural areas to urban centers has yet to be reversed," says Dr. Adnan Kassar, chairman of the political science department at AUB.

What is happening is that Beirut's sociological landscape is being redrawn.

To many villagers, Ras Beirut was the land where alien languages were spoken, where beautiful women lingered and where they did not fit in with the crowds of intellectuals moving from the Horsh-el-Nasr to the Express Coffee Shop on Hamra and from the Express to the Dolce Vita by the sea.

"Ras Beirut was the forbidden fruit. Now it has fallen into their hands and they are devouring it. There is no sentiment of identification with it," commented Salamé.

Alleged by a town that is not theirs, Shites have sought to impose their own sense of belonging through religious fervour and ritual they share with no one else.

"The Lebanese are not using their religion as a spiritual force which brings them closer to God, or as a force which will help them restore their sense

of well-being, or give them some spiritual strength to cope with the malaise around them. But they are using their religion as a means of leverage for political power, not as a form of communal identity," says Dr. Samir Khalaf, a leading Lebanese sociologist.

The distinct Islamisation of West Beirut and the feeling that Christians are no longer desirable or privileged citizens has pushed some 45,000 of them to move to the eastern and ostensibly safer sector since February 1984.

Prejudices

The Lebanese have retreated into their religious sects and their prejudices defining themselves with a false sense of security. Religion, which violence has served as a great equaliser in Lebanon, cutting across class differences and socio-economic boundaries, is in Lebanon you must know who you can, not who you want," notes a cynical observer of the scene.

The danger of going out has virtually paralysed nightlife in Beirut, which was once regarded as a centre of recreation with its bars, bordellos and dancing clubs.

In contrast, health clubs are mushrooming around town and are frequented by a breed of Lebanese who care for their health and their sanity, and of course, by those who can afford it.

The Heliopolis Club, a million-dollar project offers squash, tennis, billiard, swimming pools, a gymnasium, and an Olympic-size swimming pool.

Despite a few exceptions, the majority of Beirutis stay indoors in what sociologist Khalaf described as a "chronic state of mourning for a lost way of life that may not be recaptured again."

In the meantime, and in the absence of any visible political solutions, the best residents can hope for are long ceasefires.

Losses rise for Middle East Airlines

Big setback for airline

THE DILAPIDATED state of Beirut Airport dramatises the task ahead of Middle East Airlines, Lebanon's national carrier, as it seeks to fight its way back to profitability after a disastrous 10 years.

The airport clearly bears the scars of war. Buildings are bullet-pitted, several hangars have partly collapsed and the charred wreckage of an aircraft sits beside the main runway.

Nearby, at the headquarters of MEA, executives try to keep the airline running in some desperate circumstances, including the continuing bad security situation in West Beirut on the fringes of which the airport is located.

Salim Salamé, the 62-year-old chairman of MEA, notes that Beirut Airport has been closed for 645 days in the past 10 years, or almost 20 per cent of the time.

After MEA's buoyant period in the early 1970s, foreign businessmen and tourists have simply stopped coming to Lebanon and the traffic will not resume until peace is restored.

The airline's accumulated losses in the past decade total between LE300m to LE600m. MEA this year budgeted for a LE50m loss, but that was on a notional rate of LE2.50 to the U.S. dollar. The continuing slide in the value of the Lebanese pound means the deficit will be significantly higher.

Last year, MEA anticipated a LE50m loss. After the airport's closure for much of the year, losses were in the order of LE250m.

Catastrophe

"The last 10 years have been financially catastrophic," said Mr. Salamé, who has spent his working life with the airline. "But we realise this is a national instrument that has to be protected. Luckily we have stuck together and survived."

The national airline and airport are not simply public utilities as they would be in most countries. For many Lebanese they represent a link with the outside world, an escape hatch from war. Closure of the airport has been an unpleasant reflection of turmoil within the country.

MEA's clientele these days underlines Lebanon's increasing isolation from the world of commerce and leisure. The "split" of passengers used to be 80 per cent foreigners and 20 per cent Lebanese. Since 1980, it has been 85 per cent Lebanese and 15 per cent foreigners.

This year, MEA has been averaging passenger loads network-wide of between 40-50 per cent, well below the break-even point of 58-60 per cent. In the early 1970s, the airline's business was growing at 10-15 per cent per year. After 1975 it slumped at the rate of 5 per cent a year until 1982-83 when the slide in its fortunes accelerated and passenger loads came down 30-40 per cent.

To keep the airline flying and its creditors at bay, MEA recently negotiated a lease-back arrangement with American Express Bank for two of its three Boeing 747s with an

option of the third. This scheme raised \$36m in much-needed capital.

There are also plans for a merger with Lebanon's "second airline," Trans-Mediterranean Airways, a private cargo carrier controlled by controversial Lebanese business, Roger Tamraz, chairman of the powerful Intra Investment Company, the major shareholders in MEA.

The Government has approved and encouraged the merger under which shares in a new holding company would be divided 75 per cent to MEA and 25 per cent to TMA, but the MEA board has reservations.

Mr. Salamé said there was disagreement about the respective value of the two airlines and what staff rationalisation might take place. There was also a concern about bringing together two sick companies that might cause bigger problems in the long term.

But the MEA chairman indicated that a formal merger was virtually inevitable, saying it would remove a headache from the mind of the Government which would be able to concentrate on MEA, rather than "two ailing people."

"It's in our interests, I think. It's definitely in the interests of all parties for a merger," he said.

Of Mr. Tamraz, a confidant of President Amin Gemayel, Mr. Salamé said, "he would like a big role, but we think he should have a minimal role." He added that the "ideal situation" would be to buy him out totally.

MEA managed to live on its accumulated reserves (about \$350m) until 1982, but since then has had to borrow extensively. Its total indebtedness is between LE400m and LE500m. Continuing Government support is necessary for the airline's survival.

Scrapped

Mr. Salamé described the Israeli invasion of 1982 as the "turning point" for MEA. Plans for new aircraft and new routes had to be scrapped. These plans have now been revived along with an attempt to make Beirut a regional service centre for Boeing 747s. In 1982-83, MEA built a hangar capable of handling "jumbos". Executives hope that the facilities can be put to use.

There are also plans to extend the airline's routes in the Far East and to South America where there are sizeable Lebanese communities. MEA is also considering new aircraft purchases or possibly leasing arrangements.

There is a need, Mr. Salamé said, to revamp MEA's ageing all-Boeing fleet of three jumbos, eight 707s and nine 720s which had become "fuel

inefficient" and "maintenance inefficient".

The ideal aircraft for MEA now, he said, were 150-170 seaters which would include Boeing 727 and 737, the DC9 and the Airbus 320. 737s were held in January with Boeing representatives about possible new acquisitions.

Mr. Salamé, who is a member of Lebanon's parliament, said the airline's plans for expansion were an indication of its determination to keep going.

"It is the barometer of the economy," he said. "Everyone looks at Lebanon and judges it, in part, on the health of MEA. As long as the airline is flying and operating, they have hope."

MEA is the largest private employer in Lebanon, with a staff of 4,900, none of whom were laid off during the crisis, although all staff members above a minimum salary were obliged to take a pay-cut of up to 50 per cent for the extended periods when Beirut Airport was closed.

Mr. Salamé estimates that 20,000-30,000 families directly and indirectly live off MEA, including tax drivers and food vendors. It has an insurance scheme benefiting 20,000.

Mr. Salamé said that, at times, such as when members of staff are kidnapped "you despair a little," but you can't afford really to be despairing, otherwise you would have to close the airline.

ANTHONY WALKER



ZAKHEM

INTERNATIONAL CONSTRUCTION LTD

Civil, Mechanical & Building Engineers & Contractors

HEAD OFFICE: P.O. BOX 4938, BEIRUT, LEBANON TEL: 344391 TELEX: 20576 LE ZAKHEM

Other Offices: ● The Tower, 10 The Broadway, Hammersmith, LONDON W6 7AW (U.K.)
Tel: 01-741 8361 Telex: 27745 ZAKHEM G

● Zakhem Building, 5615 Richmond Avenue, HOUSTON, Texas 77057 U.S.A.
Tel: (713) 266 4811 Telex: 774183 ZAKHEM HOU

● Maendaleo House, P.O. Box 41196, NAIROBI, Kenya
Tel: 29981 Telex: 22062 ZAKHEM

● P.O. Box 1510, SHARJAH, U.A.E.
Tel: 355106 Telex: 68181 ZAKHEM EM

Arabia Insurance Company Limited



Authorised capital LL 51,000,000
Paid up capital LL 38,250,000

ONE OF THE OLDEST IN THE ARAB WORLD

ALL CLASSES OF INSURANCE AND REINSURANCE

HEAD OFFICE: ARABIA HOUSE, PHOENICIA STREET, BEIRUT

Telegraphic Address: "ARABIA CO." Telex: 21016 & 40060 LE

Telephone: 363610. P.O. Box 11-2172

BRANCH OFFICES

COUNTRY	CITY	PO BOX	TELEX	COUNTRY	CITY	PO BOX	TELEX
Jordan	Amman	543	JO22370	Saudi Arabia	Riyad	4990	SA202243
	Zarqa				Mecca	2997	SA400829
	Maria	17085			Jeddah	2114	SA400829
	Irbid	1004			Dammam	2147	SA602050
	Akaba				Hafouf	625	SA611229
	Al-Salt				Jubail	185	SA602050
	Al-Karak				Khobar	54	SA602050
	Jerash				Al-Yamamah	1575	
Bahrain	Manama	745	BN 8548		Al-Medina		
Kuwait	Kuwait	868	KT 4494		Al-Mountawarah	2963	SA402050
Lebanon	Beirut	11-3568	LE 21016	Sultanate of Oman	Muscat	4900	OM 3140
			LE 40060		Salalah	1819	OM 7661
			LE 43769	UAE	Dubai	1050	DE 45901
			LE 21892		Abu Dhabi	867	EM 23717
			DH 4791		Al-Ain	1216	EM 23717
Qatar	Tripoli	224	DA 45901	UAE	Ras Al-Khaimah	1288	DE 45901
UAE	Doha	771					
	Sharjah	6352					



FINANCIAL TIMES

Tuesday February 19 1985



Marconi ends Soviet satellite deal after warning

By Peter Marsh in London

BRITAIN'S MARCONI Space Systems ceased discussions with the Soviet Union about using a Soviet rocket as a satellite launch vehicle after warnings that such could jeopardise future military work with the UK Ministry of Defence.

Senior management at Marconi - part of General Electric Company (GEC) - ordered an end to the negotiations after it became clear that a contract with the Soviet Union could place Marconi staff on a military blacklist.

Espionage officers in the Soviet Union could, the ministry believed, have exploited any contacts with Marconi's staff with Soviet engineers.

British officials were particularly worried because of work by Marconi in building two new British military satellites, part of the SkyNet series due to be launched early next year.

Marconi engineers involved in such sensitive projects could, in theory have been persuaded to reveal details to their Soviet hosts.

Staff of Marconi working on the Soviet project were told that people who visited the Soviet Union to talk about a launch with a Soviet rocket could be barred from ministry work for as long as three years.

This tenuous sequence of events took place last year as part of preparations by Marconi for a bid to build (and possibly launch) satellites for Innarsat, an international organisation that operates communications links between ships.

Marconi and British Aerospace emerged as the leaders of two international teams of satellite companies vying for the contract, which could be worth as much as \$600m over 10 years. The results of the bidding, for up to seven satellites, are due to be announced next week.

After the Soviet Government announced that it would make available its Proton rocket to launch Innarsat's space vehicles, Marconi and British Aerospace both evaluated technical specifications on the rocket that Moscow made available.

Licensing, a Soviet export body in Moscow, also said that teams of up to 40 engineers from Western companies would be permitted to visit the Baikonur cosmodrome in central Asia, the Soviet Union's main launching site for vehicles such as its Salyut space stations and military satellites.

The Soviet authorities said they would launch Innarsat's spacecraft at a bargain price of about \$12m a launch - at least \$4m cheaper than the price for a Western launch vehicle.

As a result of the warnings, Marconi subsequently stopped its discussions with the Soviet Union. In its bid to Innarsat, submitted last April, the company plumped for the U.S. space shuttle and Western Europe's Ariane rocket as the two contenders for launching the satellites.

British Aerospace, the other contender for the contract which is bidding in association with Hughes of the U.S., followed a similar approach.

Marconi's partners in its bid are Ford of the U.S., Aerospatiale of France and MBB, the West German company.

Under the terms of the Innarsat contract, the successful bidder may be asked both to supply and launch the communications vehicles, leaving them out to the international organisation once they are in orbit.

A senior manager at Marconi in Portsmouth would not discuss details of the Innarsat contract. The Ministry of Defence said yesterday there was no general rule on preventing visits to the Soviet Union by people in companies who were working on UK military projects. The ministry could not comment on the particular case involving Marconi.

UK defence spending, Page 16

UK union chiefs seek new talks on pit strike

By JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

LEADERS of Britain's Trades Union Congress (TUC) will today appeal to Mrs Margaret Thatcher, the Prime Minister, to allow talks to restart on the 50-week-old pit dispute on the basis of proposals drawn up by the National Coal Board (NCB) and amended by the miners' union.

The board has rejected these amendments, stressing its right to manage the industry, particularly to close uneconomic pits.

Mrs Thatcher's reply is likely to be negative. She is understood to want a clear end to the dispute, with the principle that uneconomic pits must close explicitly accepted by the union.

One of three amendments made by the NUM to the board proposals was to delete a sentence endorsing the "development of an economically sound industry".

Mrs Thatcher's refusal will not necessarily signal the end to all hopes of fresh negotiations, however. Some miners' union leaders would be prepared to accept the board's wording, while the board might compromise on the other two points at issue.

These focus on the independent element in the colliery review procedure, agreed between the board and the pit supervisors' union Nacods last October.

This agreement specifies that all pits marked by the board for possible closure will be subject to this modified procedure. The board's proposals to the union specify, however, that until the independent element is agreed "existing procedures will apply". The union has deleted this phrase.

Second, the union has rewritten part of the board's proposals that appear to say that all the pits that the board wants to close, apart from those which are exhausted or unsafe, will be closed without reference to either the modified or existing review procedure.

On the first of these points, the board and the Government may be prepared to accept an amendment specifying that all pits will go to the modified procedure if the independent element can be agreed within a relatively short time. If not the existing procedure will apply.

On the second point, the board concedes privately that its wording

is obscure and could be redrafted to make clear that all pits would go to the review procedure.

The NUM executive meets in London tomorrow to discuss the situation following the TUC meeting with Mrs Thatcher. It will also determine what proposals to put to the national delegate conference called for Thursday.

Miners' leaders said that this conference would have four options:

- Ending the strike with negotiations on the NCB's terms.
- Ending the strike by a return to work without an agreement.
- Calling on the TUC to reconvene a special congress at which a renewed call for industrial support would be made.
- Continuing the strike.

Mr Arthur Scargill, NUM president, said yesterday he had been in a minority on the executive in proposing the amendments to the board. It is understood that Mr Scargill argued for a rejection of almost all the fundamental points in the NCB proposals.

Six European computer groups in standards move to rival IBM

By JASON CRISP IN LONDON

SIX LEADING European computer companies have agreed to back the development of common applications software in a move to counter the growing standardisation around IBM computers.

The six - ICL, Bull, Nixdorf, Olivetti, Philips and Siemens - want to create common standards for applications software based on the Unix operating system developed by American Telephone and Telegraph (AT&T).

At the moment each computer company uses its own operating system for which the applications software has to be specially written. The software will not work on another company's computer.

If successful, it would mean applications software would be able to

run on computers made by the different companies. This would reduce the cost of developing programmes. The companies hope it would encourage more third-party software and generally increase the availability of products for their machines.

The move follows the growing backing in Europe for internationally agreed technical standards for computers and communications known as Open Systems Interconnection, which is also supported by AT&T. Again the object is to establish different standards to those set by IBM, which dominates the world computer market.

The six European companies backing UNIX are to develop a com-

mon definition which will be published during the year as it is agreed. Although the group has been limited to six the "definition" will not be proprietary. The companies want it to be widely available to other manufacturers, software companies and computer users.

The six said that they were holding detailed discussions with AT&T and other vendors of Unix such as Microsoft, one of the leading U.S. software companies, to "ensure product consistency and active cooperation".

A Bull spokesman described the move as a significant step towards standardisation in the European information technology industry.

More problems for Trilogy, Page 19

Canadian securities reform plan

By BERNARD SIMON IN TORONTO

THE ONTARIO Securities Commission has proposed relaxing the entry and ownership rules for foreign-controlled securities firms in Canada without undermining Canadian dominance of the securities industry.

In a report published yesterday, the OSC recommended that the limit on individual foreign shareholdings in securities firms be raised from 10 per cent to 30 per cent and that a new restricted category of investment dealer be established for firms with foreign ownership above 30 per cent.

The commission also suggested that the ownership ceiling for other Canadian financial institutions in

securities firms be set at 30 per cent.

The OSC report still has to be considered by the Ontario Government whose lead in securities industry regulation is normally followed by Canada's nine other provinces. Securities firms are regulated by provincial authorities. The vast majority of Canada's 100-odd investment dealers as well as the Toronto stock exchange are located in Ontario.

The OSC said in its report that "allowing a limited number of non-resident firms to carry on business in the Canadian market place will, in addition to providing competition to the domestic firms in Canada, improve the access of Canadian in-

vestors and investors to offshore markets."

Under its proposals, the aggregate capital of "foreign dealer registrants" more than 30 per cent foreign-owned will be limited to about 30 per cent of the industry's total capital, which presently stands at about \$1.5bn. No foreign controlled firm will be allowed to account for more than 15 per cent of total industry capital.

Applications for foreign dealer registration will be considered by the OSC on a one-off tender basis at a date still to be determined.

Among the criteria to be used in judging applications will be geographic diversity and the range of services offered by a firm in Canada.

Heseltine defends Belgrano secrecy

Continued from Page 1

Ponting was acquitted were based on his leaking of documents to Mr Dallyell, who has been a severe critic of the Government over the Belgrano affair.

Mr Ponting, he insisted, had been partly responsible for a key memorandum in which ministers were advised not to answer fully questions posed by the House of Commons select committee on foreign affairs.

Mr Ponting had seen the memorandum before it was issued, and had "spent 10 days in absolute silence" protesting neither to ministers nor to his civil service colleagues.

"If he had this sense of outrage about what his own colleagues were

advising, why didn't he challenge their advice?" Mr Heseltine demanded.

But Mr Davies, in turn, said that Mr Heseltine had concentrated on a character assassination of Mr Ponting because he had no other case to put.

Mr Davies also directly attacked Mrs Thatcher, whom he accused of blatantly misleading the House of Commons, in February last year. Parliament had not then been given the true date of the sighting of the Belgrano, yet the Prime Minister had "had the audacity to try to pretend to the House that we had all the facts available. All the facts were not given," he said.

Thais pull together on state industry deficits

Continued from Page 1

ing private sector debt, is now estimated at \$1.3bn and servicing it has become an increasing burden. The overall debt service ratio is above the important 20 per cent mark, and these payments (baht 44bn in the current fiscal year) are the largest item in the central Government's budget.

The budget, it has emerged in the past couple of months, is running at a deficit of as much as 50bn baht, well above the 35bn baht target. Worse, the state enterprises are likely to notch up a separate deficit of 30bn baht. On top of this the better performers - Egat, the Thai Tobacco Monopoly, the Telephone Organisation of Thailand - are showing signs of decreased profitability.

The biggest loss-maker is the Bangkok Mass Transit Authority (BMTA) which operates the capital's bus system and has been losing money for at least a decade. The second biggest loss-maker is the State Railway of Thailand (SRT).

Two years ago the World Bank warned that a resolution of the financial difficulties of the SRT, BMTA and the Metropolitan and Provincial Water Works Authorities was "urgent". The World Bank said it could be achieved "through appropriate adjustments of tariffs and improvements in operational efficiency and management."

The Government then produced its own comprehensive study in January 1984, which recommended the dissolution of some minor loss-making enterprises, higher tariffs and restructurings to cut losses in oth-

ers. It also recommended greater fiscal co-ordination with the central Government and a slowdown in government borrowing.

Pressure has since been building for action. It now appears to be recognised that salaries and wages - the major component of most state companies' operating costs - are inflated and that there is too much overtime and vast overmanning. Insufficient professional and technical expertise at management levels and a rapid turnover in management add to the inefficiencies.

Beyond this, it is agreed that there should be far greater self-financing of projects, and it has been suggested that a national state enterprise committee could be set up to remove state companies from individual ministries in order to make them financially more accountable.

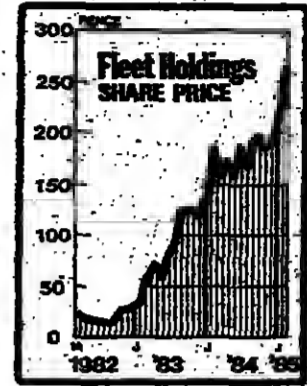
The idea which has gathered most momentum, however, has been to sell stakes in state companies to the private sector in order to give the Government more revenue and to make the companies more efficient. Thai Airways, for example, is considering such plans and "privatisation" has become as much a buzzword in Thailand as in Malaysia or Britain.

None of these, however, are as easy as they might seem. The state enterprises employ about 250,000 people, many of whom are organised in unions. The companies also offer influential political and military figures in Thailand excellent opportunities to exercise powers of patronage.

See Lex

THE LEX COLUMN

Two-wheel drive for Wheelock



The prospect of an old-fashioned duel for the future of Wheelock Marden was just the sort of thing to send the Chinese year out with a bang. Even with the Wheelock share price in suspension the Hang Seng index was up 40 points at one stage yesterday before settling back still comfortably above 1400.

That an overseas Chinese of the weight of Tan Sri Khoo best served through Hong Kong was encouraged enough for the market. The entry of Sir Y. K. Pao merely confirmed the optimists' view that there is enough cash - and confidence since the Sino-British agreement - to keep the market bubbling well into the Year of the Ox. Apart from the Wheelock quoted subsidiaries, Jardines was the main target of speculative attention and its share price rose HK\$1.15 to HK\$9.00.

In this market, it is not surprising that what informal trading there was in Wheelock shares was above Sir Y.K.'s offer of HK\$6.00 (\$2.1bn). A company such as Wheelock scarcely deserves a big premium to net asset value even if the winner of the auction can free net cash balances in the property companies of up to HK\$1.5bn. However, other parts of the market are assuming that each bidder has gained more than 30 per cent of the voting equity which, allowing for a further chunk of cross-holdings, does not leave much room for a third party.

With the deadlock between Mr Marden and Mr Cheung broken at last, it is conceivable that Wheelock could sort out its shipping division and exploit its cash without the assistance of a predator. But with just part of a day's trading until the Chinese New Year, not much is likely to be settled this week.

UK public borrowing

Britain's gilt-edged market seems to retain a healthy scepticism about Government forecasts of its own deficits. When January's public spending borrowing requirement (PSBR) figures were released yesterday showing a surplus for the month of £2.4bn - right at the bottom of economists' forecasts - government securities shrugged off the news with an immediate fall of about 1/4 point.

The Government always claws money back into its coffers in January. This time, though, the Inland Revenue must have been disappointed with its income, which rose

by just 3/4 per cent compared with the same time last year despite the healthy state of corporate profitability.

The outturn for the year seems likely to be between £3.4bn and £10bn, providing expenditure be kept in February and March. This has already been discounted in the gilt market, which is looking to the March budget and beyond.

What it had not discounted yesterday, though, was the strength of the dollar. Every time the U.S. celebrates a former President's birthday these days, the dollar goes up like a party balloon. Long gilts took one look at the level of the pound and lost 1/4 point.

British Caledonian

Airline finances are a wonder to behold. The 1984 report and accounts of Caledonian Aviation, the parent company of British Caledonian, disclose a reduction in net interest payments from £18.3m to £3.7m during the year to October.

In most companies this movement would point to a reduction in borrowings. Not so in the airline business. Caledonian's loans and term finance, net of deposits, have risen by £22m to £277m thanks largely to a capital spending bill which, at just over £100m, covers the depreciation charge four times over.

The revenue account, however, benefits to the tune of £4.7m from the reduction in interest on tax leases which flowed from the 1984 Finance Act. The company has also credited disposal profits of £3.8m arising largely from the sale and lease-back of BAC 1-11 aircraft - with the result that a small drop in group operating profit is transformed into a leap in pre-tax profit from £3.3m to £13.4m.

Systems Designers International plc

has merged with

Warrington Associates, Inc.
a Minneapolis based software service company

Samuel Montagu & Co. Limited

initiated the transaction, advised Systems Designers, and arranged currency call options on the US\$ exposure.



Samuel Montagu & Co. Limited
114 Old Broad Street
London EC2P 2HY

February, 1985

World Weather

Area	C	F	Area	C	F
Algeria	16	61	Belgium	15	59
Amsterdam	10	50	Brussels	15	59
Antwerp	10	50	Frankfurt	10	50
Berlin	10	50	Geneva	10	50
Bombay	28	82	London	10	50
Buenos Aires	20	68	Madrid	10	50
Calcutta	28	82	Munich	10	50
Canton	12	54	Nairobi	10	50
Cebu	14	57	Paris	10	50
Dakar	14	57	Rome	10	50
Delhi	14	57	Stockholm	10	50
Hong Kong	14	57	Tokyo	10	50
London	10	50	Yokohama	10	50
Madras	10	50			
Mumbai	10	50			
New York	10	50			
Osaka	10	50			
Paris	10	50			
Rangoon	10	50			
Seoul	10	50			
Singapore	10	50			
Taipei	10	50			
Tokyo	10	50			
Yokohama	10	50			

Better results for Peugeot

Continued from Page 1

were nearly 13 per cent lower than in 1983.

M. Calver also expressed concern over the risk that the current spectacular commercial success of the Peugeot 205 supermini could overshadow the group's other wide range of models.

The 205 market segment is also likely to come under increasing pressure in France from the rival Renault Super 5 mini. Renault, the state-owned car group which is expected to have lost as much as FF10bn in 1984, has cut back substantially the prices of its Super 5 mini in an effort to regain market share.



SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday February 19 1985



Trilogy hit by further problems

By Louise Kehoe in San Francisco

TRILogy, the ill-fated U.S. super-computer developer, faced more difficulties this week. The main portions of its co-operative technology development programme with Sperry, the U.S. computer group, have ended and plans for a merger between Trilogy and California Devices have been cancelled.

The ambitious venture, founded by computer designer Dr Gene Amdahl, now appears to be virtually defunct. Trilogy spent more than \$250m over the past four years in its efforts to build a computer that would outperform anything that IBM or the other big computer makers could offer. Trilogy also failed to make its wafer-size computer chips work properly, but built one of the most sophisticated chip production plants in the world in the process of trying.

Forced to abandon its grandiose plans to design a high-performance computer powered by "superchips", Trilogy planned to stay in business by providing chip design and development services to Sperry, one of its leading investors. Trilogy said those services generated more than \$2.2m of its 1984 revenues.

Trilogy said the joint projects would be phased out because existing assignments were finished and because the company's long-term strategies were no longer compatible. Trilogy said it might provide additional services to Sperry if new contracts were negotiated.

Verbatim, the largest U.S. manufacturer of floppy disks used in store personal computer programs and data, will lay off about 400 employees - 25 per cent of its domestic workforce - over the next few weeks. The company, like its competitors in the floppy disk business, is facing a slowdown in orders and rapidly declining prices for its products. Disk prices have fallen by about 20 per cent over the past 12 months.

Beirut bank bids \$50m for bulk of Deak-Perera

BY WILLIAM HALL IN NEW YORK

BANK ALMASHREK, a Beirut bank majority-owned by several Middle Eastern governments, has made a \$50m offer for the bulk of the operations of the troubled Deak-Perera group, the oldest and largest foreign exchange and precious metals retailer in the U.S., which also controls private banks in Switzerland and Austria.

Mr Roger Tamraz, chairman and chief executive of Bank Almarshrek, made the offer in a letter to a U.S. bankruptcy court this month. The court is responsible for the reorganisation of the New York-based Deak & Co, holding company for the Deak-Perera financial empire, which filed for protection under Chapter 11 of the U.S. bankruptcy code, along with two of its subsidiaries, last December after a run on its deposits.

Although Deak-Perera U.S., which buys and sells foreign exchange and precious metals through a network of more than 50 U.S. offices, was not included in the Chapter 11 filing and continues to

operate normally, it is one of several Deak subsidiaries affected by the problems of its parent, which is majority owned by Mr Nicholas Deak, 79, a former Hungarian refugee who came to the U.S. in 1939.

The U.S. bankruptcy court is trying to balance the conflicting claims of Deak's creditors which include several thousand depositors around the world facing heavy losses after the collapse of Deak-Perera International Banking Corporation (Depebanco) and Deak's deposit-taking operations in Hong Kong and Mexico.

The U.S. court papers shed some light on the complex financial affairs of the Deak-Perera group, which ran into liquidity problems last autumn after a U.S. presidential commission on organised crime alleged that one of its subsidiaries had been used to launder South American drug money. The U.S. Treasury has lodged a claim against Deak for \$572,000 for violations of the U.S. Bank Secrecy Act with the bankruptcy court.

It is clear from the papers that Deak's Swiss bank, Foreign Commerce Bank (Foco), which it formed in 1958, is the most valuable asset in the Deak-Perera empire and became increasingly important as Deak tried to raise money around the world. In April 1983 Deak sold a "substantial interest" in Deak National Bank, a small bank in upstate New York, to Foco for \$2m. In August 1983, Deak sold its Austrian bank, Bankhaus Deak, to Foco for \$175m (\$7.6m), and in February 1984, Deak sold a 49 per cent stake in Deak-Perera U.S., which controls the U.S. office network, to the Swiss bank for \$9.5m.

Bank Almarshrek says its offer for all of the outstanding capital of the Zurich-based Foco, and Deak-Perera U.S., is "intended to permit the prompt transfer of the banking and foreign exchange and metals businesses to a corporate group unaffected by the negative publicity and market psychology of the bankruptcy proceedings."

Bank Almarshrek is owned by the

Intra Investment Company, a Middle Eastern conglomerate whose interests include Middle Eastern Airlines, Normed, France's biggest shipbuilder, and investments in communications, real estate and hotels. Mr Roger Tamraz is also chairman and chief executive of Intra, which in turn is 60 per cent owned by the governments of Lebanon, Kuwait, and Qatar and 40 per cent owned by private individuals.

The Beirut bank already owns a Swiss bank, Banque de Participations et de Placements (BPP), and Mr Roger Tamraz says his offer is \$5m in cash and the rest in non-voting securities of BPP, which will be in bearer form and quoted on a Swiss stock exchange. He reserves the right to reduce the price if the book value of Foco at the closing date is less than SwFr 40m (\$14.4m) or the amount of fiduciary assets under management were less than SwFr 1.3bn.

Swiss banking licences are hard to come by for foreign entities, con-

sequently the planned sale of Foco has caused considerable interest in the international financial community. Foco has been consistently profitable and offers a full range of banking services. Deak's creditors claim that it manages "substantially in excess" of SwFr 1.5bn in fiduciary and trust accounts. Aside from its Austrian bank, Foco owns Eurotrade Bank and Trust Company and a small Swiss brokerage firm.

Deak & Co owns 85,747 of Foco's 100,000 shares but these have been pledged to cover various borrowings by Deak of which \$89m is to Depebanco. Deak says in its own court filing that it does not believe the proceeds of the proposed sale will be sufficient to satisfy in full the indebtedness to any pledgees except Bank Leu, which provided it with a line of credit last August.

Deak is seeking court approval to sell Foco to Dow Banking, on behalf of an unnamed client, for \$48m. As part of the deal, Deak is seeking to

retain Foco's 49 per cent stake in Deak-Perera U.S. and its interest in Deak National Bank.

Deak's move to dispose of its Swiss bank to Dow is being opposed by several interested parties, including Hong Kong's official receiver, in his role as liquidator of Deak-Perera Far East; Deak's official creditors committee; and the management of Foco itself. The belief is that a better price than \$48m could be struck if the sale was not rushed through.

Aside from Bank Almarshrek, several unnamed parties have informed the U.S. bankruptcy court of their interest in buying Foco bank and parts of the Deak-Perera empire, including a \$120m insurance company, Meanwhile Grospart AG, a Swiss wholesaler with annual sales of SwFr 1.3bn, which already owns Bankinvest, a Swiss commercial bank, has objected to the proposed sale of Foco to Dow on the ground that not enough information was available to enable a third party to make an informed offer.

ITT unit set to win Israeli contract

By Paul Chesswright in Brussels

BELL Telephone Manufacturing, the Belgian unit of ITT of the U.S., is entering into the final phases of negotiation with the Israeli telephone authorities for the supply of its System 12 digital telephone equipment.

The contract might be worth as much as \$70m. System 12 would be used for a second telephone network in Israel, complementing that already installed by Northern Telecom of Canada.

The Israeli Government last year agreed in principle to buy System 12 but Mr Shimon Peres, the Prime Minister, called for a two-month suspension of this decision so the telephone authorities could consider a new proposal from CIT-Alcatel of France.

Yesterday, the original decision in principle was re-affirmed, opening the way for a firm contract.

Israel has been talking with major equipment suppliers about a second network for three years. Bell Telephone and CIT-Alcatel emerged as the strongest competitors although, originally, tenders were also put in by GTE of the U.S. and Siemens of West Germany.

Pechiney lifts revenue 22%

PARIS - Pechiney Ugine Kuhlmann, the French state-owned metals group, increased its revenue for 1984 by 22.8 per cent from a year earlier, helped by an upswing in exports.

Consolidated revenue rose to FFf \$5.4bn (\$3.54bn) from FFf 28.8bn in 1983, based on comparable group structure. Pechiney pointed out that 66 per cent of its 1984 revenue was based on foreign activity, up from 82 per cent in 1983.

AP-DJ

Wind of change knocks bottom out of the blue jeans market

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

THE DECISION by Levi Strauss, the world's leading jeans manufacturer, to close production plants in Britain, France and Belgium and to undertake a wholesale management reorganisation may not be the end of the closures to hit the industry.

Levi Strauss is in trouble in the U.S., its home base, as well as Europe. Profit dropped to \$41.4m last year from \$194.5m in 1983, sales fell 8 per cent to \$2.51bn; 20 plants were closed and 5,000 workers dismissed.

Wrangler, a subsidiary of Blue Bell, the world's number two concern, is also facing difficulties. As its figures are subsumed within the parent corporation, it is difficult to quantify just how badly it has been hit.

In Europe, Lee Cooper has also taken knocks, having to close plants and reorganise. Farmers and

Lois, a Spanish concern, have both also felt the cold winds of change. "The world of jeans is not dead," says Mr Miles Templeman, marketing director of Levi Strauss in Europe. "Far from it. There is still great mileage to be won from production of jeans provided we can get the fashion content right."

The figures appear to substantiate his view. It has been estimated that just over 40m pairs of jeans were sold in Britain alone last year. In the U.S., more than 500m pairs a year are sold.

But if jeans, and the denim from which most are made, are not dead, their day is over. According to Mr Robert Hays, U.S. president of Levi Strauss, demand is going to remain "flat" for some time.

Jeans have been hit by an increasing fashion-consciousness among younger people. Instead of

the straightforward pair of blue denim trousers, supplemented perhaps by a denim top, younger people are increasingly buying more casual-wear separates.

The first big attack on the place held by jeans came when trackuits became "acceptable as everyday wear. That was followed by increasing purchases of separates, - blouses, jackets or cardigans, with trousers."

Fashion and style became much more important, and with them came a shift in buying patterns. At about the same time - the early 1980s - the jeans manufacturers had become stuck in their own time warp.

Jeans were the clothes of the new generation that emerged after 1965. They reflected, through the medium of apparel, changing patterns that were taking place in lifestyles.

Long before the word androgynous became fashionable in the clothing world boys and girls were buying blue jeans from the same racks, despite physiological differences.

The manufacturers responded by making not just an asexual garment but just one garment - the standard five-pocket Western jeans. Primed by their own success, the manufacturers failed to see the emergence of greater fashion-consciousness and paid the penalty as buyers switched to other types of material and other styles. "The market has become much more fragmented," Mr Templeman says. "Much more variety is needed now, especially if we are to compete with cheap imports from the Far East."

The answer, according to M. Pierre Pouillot, the French-born chief executive of the British company Lee Cooper, "is to build in

more styles, more fashion and to produce in other climates."

At the recent French menswear exhibition in Paris, Lee Cooper had a range of clothes on their stand that was far removed from blue denim.

"Until 1983 two thirds of our output was one item, the Western jean. Now it is just under half. What we are doing is looking for other garments to make. In two years we have nearly doubled the volume of jackets we make," said Mr Pouillot.

The search for alternatives is one being frantically pursued by all the companies, not altogether successfully. The first step was to turn the five-pocket jean - four patch pockets and a ticket pocket - into the more conventional trouser with angled, internal pockets, in denim. After that, the manufacturers started making trousers in other materi-

als, then other items of apparel.

However, the market for fashionable jeans appears to have been creamed off by the "names" selling at premium prices - Calvin Klein, Gloria Vanderbilt and the like. The traditional manufacturers have not found it easy forcing their way into the top end of the market.

"We are not used to supplying the short, sharp runs that higher fashion dictates," M. Pouillot says.

In the U.S., Levi Strauss came up with a line called Common Man's Apparel, which was described as being clothes for people who live in the fast lane. Unfortunately, it seems there were not enough of them in the fast lane.

"If we are to succeed," says Mr Templeman, "we must find new business outside the jeans field." In that, Levi Strauss is being joined by all its competitors.

FIRST CITY. REACHING FURTHER, DOING MORE IN TEXAS BANKING.

OUR STRENGTH AND STATEWIDE NETWORK MAKE US ONE OF THE STATE'S FINANCIAL LEADERS.

As a major financial institution in Texas and the Southwest, First City has a long-term commitment to maintaining its leadership role. And we have the resources to back that commitment.

As First City National Bank of Houston, we are the lead bank of First City Bancorporation of Texas,

a bank holding company with more than \$17 billion in total assets. And we're also part of a growing statewide network of more than 60 banks.

That gives us insight into markets all across Texas. With these statewide connections and our financial strength, we have continued to be a leader in

helping further business and industry in Texas.

And with a keen perception of markets around the world and offices in key markets, First City is committed to helping you participate not only in Texas growth, but in regional and international growth as well.

FIRST CITY NATIONAL BANK OF HOUSTON	
Financial Position (In Thousands)	
December 31, 1984	
Total assets	\$9,458,450
Loans	6,017,169
Deposits	6,060,855
Shareholder's equity	466,619

FIRST CITY BANCORPORATION OF TEXAS, INC.	
Financial Position (In Thousands)	
December 31, 1984	
Total assets	\$17,318,567
Loans	11,488,103
Deposits	15,032,828
Shareholder's equity	978,505

FIRST CITY

First City National Bank of Houston
Reaching further. Doing more.

MEMBER FDIC © 1985 FCOT

HOUSTON: 1001 Pinnacle, Houston, Texas 77002, (713) 658-6670
LONDON: 99 Bishopsgate, London, EC2M 3SD, England, (01) 628-2491
SINGAPORE: 10 Collyer Quay, #25-07 Ocean Building, Singapore 0104, Singapore, (65) 222-4905
TOKYO: New Tokyo Building, Room 309, 3-1 Marunouchi, 3-chome, Chiyoda-ku, Tokyo, 100 Japan, (03) 213-1053
BAHRAIN: Manama Center, Suite 505-Section 1, Manama, State of Bahrain, (973) 230-979
NASSAU BRANCH, BAHAMAS: P.O. Box 2557, Nassau, Bahamas, (1-772) 772-2525, (1-772) 658-6045
First City Bancorporation also has International Departments in:
FIRST CITY BANK OF DALLAS, (214) 999-6000; FIRST CITY NATIONAL BANK OF EL PASO, (915) 546-5700; and McALLEN STATE BANK, (512) 686-1733.

Kredietbank London Branch now open for business

General Manager Eugene Cleemput and his staff welcome contacts starting today

Corporate Banking and Finance

Marc Bernaert

David Monahan*

Eurobonds: Hans Knol ten Benschel

Money Market: Keith Benson

Forex: Marc Bautmans

Kredietbank London Branch

Licensed Deposit-Taker

40 Basinghall Street

London EC2V 5DE

Telephone

General: (01) 638 58 12

Money Market: (01) 638 58 32

Telex

General: 8951024/5/6 KBBLDN G

Money Market: 8951007/8 KBBLDN G



KREDIETBANK

Head Office: Arenbergstraat 7
B-1000 Brussels

*as from March 1, 1985

BSI 1873

Banca della Svizzera Italiana
 Head office Lugano, Switzerland

**is pleased to announce
the opening of its
London Representative Office**

Windsor House
39, King Street
London EC2V 8DQ
Telephone 01-600 5745/9
Telex 889 821 bsldn g

R.F. Staehli
Representative

All of these securities have been sold. This announcement appears as a matter of record only.

February, 1985

DRISH
SYSTEMS CORP.

1,200,000 Shares

Common Stock

L.F. ROTHSCHILD, UNTERBERG, TOWBIN

F. EBERSTADT & CO., INC.

ALEX. BROWN & SONS
Incorporated

This announcement appears as a matter of record only.

Commercial Paper Program

for

Dart & Kraft Financial Corporation

MORGAN STANLEY & CO.

Incorporated

February 6, 1985

**BANK OF
GUATEMALA
STABILIZATION
BONDS**

**EL SALVADOR
BONDS**

**ARGENTINE
GOVERNMENT
EXTERNAL
BONDS**
SERIES 1960, 1961, AND 1962

**COSTA RICAN
CERTIFICATES
OF DEPOSITS**

**OTHER
NON-CONVERTIBLE
CURRENCIES**

**WE BUY AND SELL AT
COMPETITIVE RATES**

Call for Quotations
Telephone (617) 367-5750

**TURAN
CORPORATION**

156 State Street
Boston, MA 02103 U.S.A.

TELEX 710 321 048
(TWX) 5415 55N

Standard Chartered

Standard Chartered Bank PLC
(Incorporated with limited liability in England)

**U.S. \$100,000,000
Floating Rate Capital Notes 1990**

For the six months from
18th February, 1985 to 18th August, 1985
the notes will carry an interest rate of 9 1/4% per annum.
On 18th August, 1985, interest of U.S.\$49.34 will be
due per U.S.\$1,000 note for coupon No. 14.

Principal Paying Agent
European-American Bank & Trust Company
10 Hanover Square
New York, N.Y. 10015

Agent Bank: Morgan Guaranty Trust Company of New York

**MANUFACTURERS HANOVER
OVERSEAS CAPITAL CORPORATION**
SUS 150,000,000
Guaranteed Floating Rate Subordinated
...Notes due August 1996...

Notice is hereby given that the interest payable for
the interest period 30th August 1984 to 28th
February 1985, calculated up to and including the
18th February, 1985 will be \$493.05 per \$10,000
coupon and \$2,465.26 per \$50,000 coupon.

18th FEBRUARY 1985
MANUFACTURERS HANOVER LIMITED
AGENT BANK

INTL. COMPANIES & FINANCE

Exports underpin BMW sales rise

BY JOHN DAVIES IN MUNICH

BMW, the West German car and motor cycle maker, increased group sales by 17.5 per cent to DM 16.48bn (\$5.05bn) last year, despite a seven-week shutdown during the labour conflict in the metal industries last May and June.

Herr Eberhard von Kuenheim, the chief executive, said that BMW had missed opportunities through the dispute over shorter working hours, but even so it achieved records in production, domestic sales and exports.

He indicated that the parent company had increased its profit last year, but gave no details and refused to be drawn on dividend prospects. BMW increased its 1984 dividend from DM 10 to DM 11 per share plus a DM 1 bonus, after net profit went up from DM 200m to DM 238m.

This year would be better than 1984, Herr von Kuenheim forecast, despite the hesitancy in the West German car market arising from the Government's plans to tighten exhaust emission controls.

With special shifts to catch

up on some lost production, BMW turned out 432,000 cars last year, 2.6 per cent more than the previous year. But it boosted car output by 7.7 per cent in 1984 and 11.1 per cent in 1983.

Although the total West German car market declined last year, BMW's domestic sales were 1 per cent higher at 160,400.

Export sales, which rose 6.5 per cent in 1984, rose a further 3.9 per cent last year to 273,600 — almost two-thirds of total sales. BMW's car sales in the U.S. rose nearly 20 per cent last year to 71,000. Sales in Japan surged ahead 41 per cent to the still relatively modest total of 8,900.

BMW's sales revenue was boosted by the strong U.S. dollar, which lifted earnings in terms of Deutschmarks, but also by a shift in demand towards dealer models in the company's range.

After the introduction of the new K-series of motorcycles in 1983, BMW has strongly increased its sales, even though



Herr Eberhard von Kuenheim: forecast a better 1985

world markets have declined. Its production and sales of motor-cycles rose 20 per cent last year to 24,000, with its sales abroad showing an even sharper rise of 24 per cent to 23,400.

Herr von Kuenheim said that

BMW's parent company investment slipped to DM 870m last year, after an outlay of DM 900m in 1983, because some projects were postponed as a result of the labour dispute.

He said that the new plant at Regensburg was being built within the scheduled time scale and should start producing cars in summer or autumn next year.

Herr von Kuenheim said that the West German car industry last year went through the greater turbulence for 10 years, with the labour dispute and the unsettling of the domestic market because of uncertainty about anti-pollution controls.

He declined to discuss the level of BMW's recent domestic orders, but said the company's domestic orders were running ahead of new registrations.

The backlog of orders which West German motorists had been withholding was likely to be loosened in the course of the year as the anti-pollution question became clearer, Herr von Kuenheim said.

Algoma Steel reduces net loss

BY BERNARD SIMON IN TORONTO

CANADIAN steelmaker Algoma Steel reduced its net loss to C\$45.8m (U.S.\$24.2m), or C\$4.37 a share, in 1984, from C\$126.6m or C\$9.50 a share, a year earlier. Fourth quarter net losses were C\$11.8m against C\$26.5m.

Sales rose from C\$539.5m to C\$1.1bn and an operating loss of \$123.9m was turned into a \$14.9m profit. But the company remains burdened by heavy interest expenses, totalling C\$64.7m last year, slightly higher than in 1983.

Algoma, whose 70 per share- holder is Canadian Pacific Enterprises, said that improving market conditions and efforts to cut costs "should provide the opportunity" for

a pre-tax profit in the first quarter of 1985.

The company has ended a two and a half year moratorium on major capital spending by resuming construction of a C\$370m demand mill. Work on the mill was suspended in late 1982, but the viability of the project has been improved by a recovery in demand for tubular products and a favourable outlook for increased sales to the North American oil and gas industry.

Funds for the rest of the mill project, totalling C\$150m, will be supplied through a partnership arrangement with Canadian Pacific.

Mr John Macnamara,

Algoma's chief executive said the company is also examining the installation of additional ladle steel refining capacity, a new blast furnace and modernisation of its rail mill. Algoma's main plant is at Sault Ste. Marie on the eastern edge of Lake Superior.

CHRYSLER Canada, part of the Chrysler motor group of the U.S., had net income in 1984 of C\$280.8m on sales of C\$6.2bn. This compares with 1983 profits of C\$118.8m on sales of C\$4.3bn.

The company said it prepaid all of its C\$281.8m of debt to Canadian banks and arranged a previously reported C\$250m revolving credit facilities.

Dyno steps up payout to 15%

By Fay Gjester in Oslo

DYNO, the Norwegian chemicals, plastics and explosives group, is increasing its 1984 dividend to 15 per cent from 14 per cent following significantly increased profits.

Profits before extraordinary items rose to Nkr 180m (\$19m), against Nkr 102m in 1983. Dyno attributes the improvement partly to an acquisition and partly to the world economic upswing, which boosted demand for most of its products.

If this trend continues, Dyno says, even higher profits can be expected for the current year. In 1984, Dyno acquired the U.S. slurry explosives company, Irec.

Gross operating income rose to Nkr 2,978m in 1984, from Nkr 2,210m a year earlier, a rise of 35 per cent.

Pirelli to acquire 10% of Italian cables rival

BY JAMES BUXTON IN ROME

INDUSTRIE PIRELLI, the Italian operating company of the Pirelli tyre and cables subsidiary of Ceat, the privately owned company which is Pirelli's only Italian-owned rival in the tyre and cables fields.

The deal, which will cost Pirelli L6.5bn (\$3.25bn), marks a further extension of Pirelli's influence over Ceat. Last year it reached an agreement with the Ceat Tyres subsidiary which effectively ended the subsidiary's independent existence.

Industrie Pirelli is to buy 6.5m shares in Ceat Cavi as part

of a capital increase involving 16.5m shares. This will give it 10 per cent of Ceat Cavi's voting capital.

Last year Industrie Pirelli took over the plant near Turin of Ceat Tyres to make Pirelli large tyres. It also acquired the marketing of all tyres with the Ceat trademark.

Pirelli will later take over the control and production of Ceat Tyres at its plant at Anagni, near Rome.

Along with Mediobanca, the Bank of Italy and a number of other institutions, Ceat is itself a modest shareholder in the Pirelli group via a 3.4 per cent stake in Pirelli SpA.

Peter Montagnon on the BIS figures for the 1984 third quarter

U.S. banks scale down international lending

INTERNATIONAL bank lending contracted by \$37bn in the third quarter of last year, the first third-quarter decline since the financial system was rocked by the collapse of West Germany's Herstatt bank in 1974, according to new figures from the Bank for International Settlements.

A large part of the fall was accounted for by movements in exchange rates, but even in constant dollar terms total lending dropped by \$4.6bn as once again banking problems — this time the troubles of Continental Illinois — dampened activity in the interbank market.

Whereas the problems of Bankhaus Herstatt had caused European banks to draw in their horns, this time it was the turn of U.S. banks to scale down their activities at home and abroad. A \$5.6bn decline in international lending by banks in the UK largely reflected cuts in the assets of U.S. bank affiliates and branches operating out of London.

Simultaneously, the BIS notes that four other factors acted to depress activity in the international banking market. Growing use of the bond markets for international banking, the development of the Euronote issuance market, continued debt problems facing

countries in the developing world and the improvement in the balance of payments of other countries combined to reduce demand for traditional bank loans.

But it was in the interbank

market that the most significant drop was seen. The external assets in dollars of banks in industrial countries dropped by \$19bn, whereas those in other currencies expanded by \$20.6bn.

The behaviour of U.S. banks also had a considerable impact

CHANGES IN INTERNATIONAL BANKING FLOWS

	Growth by quarter				Total at end Sept.
	1983 3rd	1984 1st	2nd	3rd	
Gross lending	29.2	27.9	47.7	-4.4	2,114.9
Interbank lending	18.9	23.6	40.8	-6.8	1,224.3
Net international credit	28.0	25.0	70.0	1,253.0	

(Figures in \$bn after adjustment for exchange rate changes).

on the net flows of money into the U.S. during the third quarter.

The BIS says that gross lending abroad by U.S. banks dropped by \$24bn so that the large U.S. balance of payments deficit was in part financed by an unwinding of capital exports out of the U.S.

Borrowing abroad by U.S. banks also fell, but only by \$4.1bn, so that in net terms they again became large takers of external funds for lending to their domestic customers.

Some of this money was clearly supplied by the central banks of countries in the developing world which were able

to build up their reserves as their financial position improved with large trade surpluses last year. The BIS says that bank deposits by the monetary authorities outside its reporting area rose by between \$6bn and \$7bn. This was a reversal of the fairly steep decline of such deposits that set in in late 1980.

In contrast U.S. non-bank investors withdrew some \$9.5bn from the international banking system during the third quarter, a development which the BIS says was probably related to the distrust of banks that built up after troubles surfaced at Continental Illinois.

Its new figures incorporate a broader collection base, which besides banks in the main industrial countries includes for the first time full data from banks in Bahrain, the Bahamas, Cayman Islands, Hong Kong, the Netherlands, Antilles and Singapore.

The effect of this has been to force the BIS to restate previous totals for international bank lending. For example, the total stock of bank credit at the end of December 1983 has been adjusted upwards by 15 per cent to \$1,240bn. Lending to non-oil developing countries has been adjusted up by an even higher percentage, by more than \$70bn to \$327bn.

KLEINWORT BENSON FINANCE B.V.

US \$50,000,000

Guaranteed Floating Rate Notes 1991

convertible until 1995 into 10% per cent. Guaranteed Bonds 1995 and unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

KLEINWORT, BENSON, LONSDALE plc

For the three months 19th February 1985 to 20th May 1985, the Notes will carry a Rate of Interest of 9% per cent. per annum with a Coupon Amount of US\$117.19.

CHEMICAL BANK INTERNATIONAL LIMITED
Agent Bank

U.S. \$150,000,000 Guaranteed Floating Rate

Notes due 1992

SANWA INTERNATIONAL FINANCE LIMITED

Guaranteed as to payment of Principal and Interest by

THE SANWA BANK LIMITED

Notice is hereby given that the Rate of Interest has been fixed at 9 1/4% and that the interest payable on the relevant interest Payment Date, August 19, 1985, against Coupon No. 15 in respect of US\$10,000 notes of the Notes will be US\$40.78.

February 19, 1985, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

INTERNATIONAL COMPANIES

New advisory body for issuers seeks to add order to market

BY MAGGIE URRY IN LONDON

A SERIOUS attempt is being made to bring a little more order to the Eurobond market with the formation of the International Primary Market (IPMA). That new grouping is separate from the Association of International Bond Dealers (AIBD), which is more concerned with the secondary market.

The high-speed growth of the Eurobond primary market—new issue volume reached \$80bn in 1984—and the development of new techniques and instruments are two good reasons why the IPMA is needed. But syndicate managers were also becoming concerned by the appearance of what chairman Mr John Sanders calls "sloppy legal and documentation work and potentially harmful market practices."

He hopes that the IPMA will provide a forum for the market's chief practitioners to discuss how bond issues should be handled.

Two sub-committees, Legal and Documentation, and Market Practices have been set up. They will make recommendations to the 15-man board which will then be put to the full membership. Mr Sanders expects that the basic guidelines covering the documentation aspect should be written within six months, while the recommendations on market practices may take a year to be agreed.

Membership of the association is limited to book-runners, those banks actually responsible for syndicating bond issues and for the documentation involved. A total of 44 banks passed the test of having run the books on six deals in the

past two years or nine in the past three, and all have joined the IPMA. Between them they lead-manage the vast majority of new Eurobond issues.

Mr Sanders, who is a senior director of S.G. Warburg, one of the leading new-issue houses, does not want the IPMA to become merely a prestigious club or a cartel and the association will not be a regulatory body wielding the big stick if members go astray.

Mr Sanders expects that members who agree guidelines designed for the greater good of the market as a whole will stick to them. Firms' representatives on the association are senior people able to wield some influence within their houses. As well as making internal recommendations, the IPMA will act

as a representative body for the whole primary market in dealings with governments, central banks, treasuries and tax authorities, regulatory bodies and other organisations.

It could, for example, have put the Eurobond primary market's case to the U.S. Government last summer when the subject of withholding tax repeal was under discussion. It will also liaise with the AIBD.

The board includes eight members mainly concerned with the Eurodollar bond market, while the other seven each represent other major currency sectors of the Eurobond market. The composition of the board will be reviewed annually.

Singapore banks reject criticism

BY CHRIS SHERWELL IN SINGAPORE

POOR BUSINESS conditions, inefficiency, and ill-judged speculation appear to have been the main causes of a wave of company failures in Singapore, rather than any increase in the number of winding up petitions initiated by banks, the Association of Banks in Singapore claimed yesterday.

The association was responding in strong terms to allegations recently published in Business Times, a local newspaper. The banking community has plainly been stung by the allegations, which have heightened concern about Singapore's gloomy business climate.

The newspaper quoted unnamed businessmen as saying banks were "pressing the panic button" by cutting credit lines,

raising borrowing costs, and petitioning for companies to be wound up.

At the same time the newspaper's editor, in an unusual "open letter," warned bankers that the steep rise in petitions initiated by banks "will not be forgotten by the business community when the economic cycle swings upwards again."

The association said that withdrawal of support was "more likely to be the result rather than the cause" of recent business failures.

Banks should not throw good money after bad, and should not finance a bold action where a business was not viable, they said.

A record 445 winding up petitions were filed last year.

According to the Business Times, companies are being wound up this year at a rate of two a day.

Bankers acknowledge their own increased nervousness in the wake of the Chop Hoo Thye affair in December, when a total of 19 banks found \$8100m (U.S.\$44.7m) at risk in loans to a collapsed private import-export house run by a local Chinese trader. It was one of Singapore's biggest-ever business failures.

Hoo Thye's problems exposed the hazards of "name lending" and bankers' fears about competitors pulling the plug on all creditors. Businessmen running basically sound companies now say they are victims of the nervousness.

Growth slows at Malayan Banking

By our Kuala Lumpur Correspondent

MALAYAN BANKING, Malaysia's second largest bank, lifted after-tax profits by 14 per cent to 57.6m ringgit (U.S.\$23m) in the half year to December 1984 compared with a rise of 34 per cent in the same period of 1983.

The slower growth was attributed to tight liquidity, resulting in a higher cost of funds, and the subdued Malaysian economy.

Total deposits rose by 8 per cent to 9.8bn ringgit, while loans and advances increased by 15 per cent to 9.2bn ringgit. Total assets, including contra items, were 25 per cent higher at 20.2bn ringgit.

HK Land unit sells catering division

By David Dodwell in Hong Kong

THE Dairy Farm Company, a wholly-owned subsidiary of Hongkong Land, has agreed to sell its catering division to Delaware North Companies, a privately-owned U.S. group, for HK\$125m (U.S.\$16m).

The disposal forms part of a "deeply indebted" Hongkong Land's strategy of selling "non-core businesses" and "refining the focus" of its property, food and hotel businesses.

The group recently disposed of its 33.8 per cent holding in Hong Kong Electric, the local utility company, for HK\$2.9bn, pushing group debt below HK\$12bn. The Excelsior Hotel in Hong Kong was put up for sale in October last year with a price tag understood to be HK\$800m or more. However, it was withdrawn from the market early this month after bids fell short of this target.

Delaware North operates in the U.S. and Europe with businesses mainly in catering, food services, warehousing and distribution. Its new acquisition, to be called Dairy Farm Catering Services, provides flight kitchens for more than 30 airlines operating mainly through Hong Kong.

Dairy Farm's sales in 1984 amounted to about HK\$8bn. It has three principal businesses—retailing through its Wellcome supermarket chain, wholesale trading and the manufacture of dairy and frozen food products.

Brambles Industries lifts interim earnings by 26%

BY LACHLAN DRUMMOND IN SYDNEY

BRAMBLES INDUSTRIES, the Australian transport group, lifted net earnings by 26 per cent to A\$19.8m (U.S.\$15m) in the half year to December, on sales 21 per cent higher at \$300m.

The director said the equipment rental business benefited from a "pick-up" in demand resulting from the Government-funded Bicentennial roads programme and there was a better than expected performance from the Grace Brothers removals business acquired last year.

Marine and Security opera-

tions did well, while the waste disposal and industrial pallet businesses grew steadily.

Earnings before tax were 31 per cent higher at \$32m. The interim dividend is up by 1 cent, a share to 9 cents from 8 cents, per share up from 17.5 cents to 19.2 cents.

● **Mobil Oil Australia**, the local offshoot of the U.S. oil major, turned a A\$53.4m loss to a A\$15m profit last year. The improvement was revealed to company employees who were told that the company had sacrificed some market share to achieve the turn-around.

Wooltru cuts margins to maintain trading position

BY JIM JONES IN JOHANNESBURG

WOOLTRU, THE South African retail chain formerly called Woolworths Truworths, accepted significantly lower margins to maintain its trading position in the 26 weeks ended December 29. Turnover rose by 11.8 per cent to R365.2m (\$191m) but operating income fell by 11.2 per cent to R36.6m. Turnover was R637.7m in the year to June 1984 and operating profit R85.1m.

Mr David Susman, the chairman, says the economic slowdown affected consumer spend-

ing but large price reductions ahead of Christmas enabled all divisions to increase sales. Mr Susman says the outlook for the rest of the year is not encouraging and the operating companies are concentrating on trimming costs.

First-half earnings dropped to 50.5 cents a share from 57.5 cents and the interim dividend is unchanged at 25 cents. For 1983-84 earnings came to 118.4 cents and a dividend total of 52 cents a share was paid.

U.S. exports boost Korea Steel Pipe

KOREA STEEL PIPE has reported profits of Won 1.1bn (\$1.32m) for 1984, a 358 per cent increase, on sales up 20 per cent to Won 107bn, AP-DJ reports from Seoul.

The company attributed the big profit increase to better export prices in 1984 than in the year before, especially in the U.S. market. Exports accounted for 70 per cent of the total sales.

CANADIAN \$75,000,000 PROVINCE OF NEW BRUNSWICK Floating Rate Notes due May 1984

Notice is hereby given that in respect of the Interest Period from February 15, 1985 to May 1, 1985, the Notes will carry an Interest Rate of 10 7/8% per annum. The amount payable on May 1, 1985 against Coupon No. 4 will be Can. \$205,364 for Senior Notes of Can. \$10,000 principal amount and Can. \$28,364 for Junior Notes of Can. \$1,000 principal amount. Can. \$28,364 will be payable on May 1, 1985 against Coupon No. 2 due May 20, 1985, will be U.S.\$519.97.

February 19, 1985 CITIBANK, N.A. (CSI Dept.), Agent Bank

PREMIER GROUP HOLDINGS LIMITED U.S.\$50,000,000 Floating Rate Notes due 1989 NOTICE IS HEREBY GIVEN that the Rate of Interest for the second sub-period on Coupon No. 2 has been fixed at 9 7/8% per annum and that the interest payable in respect of U.S.\$10,000 principal of the Notes will be U.S.\$248.44. The total amount due for Coupon No. 2 due May 20, 1985, will be U.S.\$519.97.

February 19, 1985 CITIBANK, N.A. (CSI Dept.), Agent Bank

ADVERTISEMENT BELL CANADA INTERNATIONAL INC.



GORDON E. INNS

BRIAN A. TICKLE

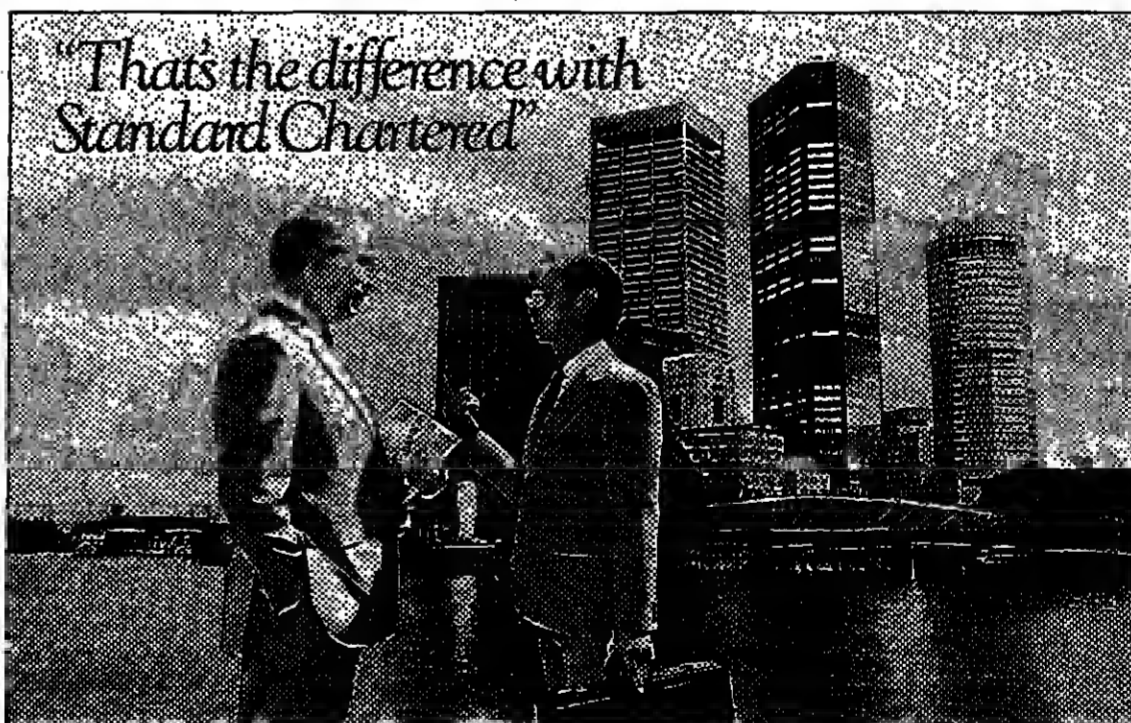
The Board of Directors of Bell Canada International Inc. announces the election of Gordon E. Inns as Chairman and Brian A. Tickle as Deputy Chairman and Chief Executive Officer.

Mr. Inns is Executive Vice-President, Planning, of Bell Canada Enterprises Inc. He is a member of the boards of directors of Bell Communications Systems Inc., Bell-Northern Research, Newfoundland Telephone, Tele-Direct Canada and Canadian Enterprise Development Corporation. Prior to his appointment at BCE in 1983, Mr. Inns held a variety of senior management positions during his career with Bell Canada, including Vice-President, Computer Communications; Executive Vice-President, Ontario Region; and Executive Vice-President, Marketing.

Mr. Tickle was Vice-President, Personnel, of Bell Canada prior to his appointment as Deputy Chairman and Chief Executive Officer of BCE. He joined Bell Canada in 1960 and served in a number of senior managerial positions in the marketing and customer services departments in Toronto, Ottawa and Montreal. In 1979, he transferred to Bell Canada International and for four years served as General Manager of Saudi Telecom, the telecommunications operating arm of the Ministry of Post, Telephone and Telegraph located in Riyadh, Saudi Arabia.

Bell Canada International Inc., a wholly-owned subsidiary of BCE, provides telecommunications consulting, management and turnkey services around the world. Over the past 20 years, the company has successfully completed projects in 60 countries on five continents.

MORE LOCATIONS. FEWER DISLOCATIONS.



Success in international business has a lot to do with having the right connections.

And very few banks indeed can offer you as many as Standard Chartered.

As one of Britain's largest banks, and specialists in international business, we have over 2000 branches in more than 60 countries. All linked by common systems and the latest in telecommunications technology. And all staffed by people to whom international trade is a way of life.

The result is that when you deal with Standard Chartered, you deal with people who understand your

problems—and can supply solutions.

Delayed payments become an occasional rarity, rather than a constant headache.

International cash management that enables you to use funds more efficiently becomes a reality, rather than an objective.

And whether you need a more competitive foreign exchange dealing service, better-tailored trade finance, or more productive advice and introductions around the world, you'll find the service you want under one roof.

Ours.

Standard Chartered

Direct banking, worldwide

Standard Chartered Bank Head Office: 10 Clements Lane, London EC4N 7AB.

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information to the public with regard to the Kingdom of Spain and the Stock. The Kingdom of Spain has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statements herein whether of fact or of opinion. The Kingdom of Spain accepts responsibility accordingly.

Dated: 19th February, 1985



Kingdom of Spain

ISSUE ON A YIELD BASIS OF

£60,000,000 Loan Stock 2010

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price for value not later than 12th July, 1985 with interest payable half-yearly on 24th March and 24th September.

The Issue has been underwritten by

Samuel Montagu & Co. Limited

Barclays Merchant Bank Limited
County Bank Limited
Hambros Bank Limited
Kleinwort, Benson Limited
Morgan Grenfell & Co. Limited
S. G. Warburg & Co. Ltd.

Baring Brothers & Co., Limited
Grindlay Brandts Limited
Hill Samuel & Co. Limited
Lloyds Bank International Limited
J. Henry Schroder Wagg & Co. Limited
Banco de Bilbao, S.A.

Application has been made to the Council of The Stock Exchange in London for the £60,000,000 Loan Stock 2010 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £5,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 2nd August, 1985. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on 27th February, 1985. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 2nd August, 1985 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. (LONDON TIME) ON THURSDAY, 21st FEBRUARY, 1985 AND WILL CLOSE LATER THE SAME DAY.

PROCEDURE FOR APPLICATION

Each application must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU not later than 10.00 a.m. (London time) on Thursday, 21st February, 1985 and must comply with the provisions of "Terms of Payment in respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock—

Amount of Stock applied for	Multiple
£100-£1,000	£100
£1,000-£10,000	£1,000
£10,000-£100,000	£10,000
£100,000 or greater	£100,000

Samuel Montagu & Co. Limited, on behalf of the Kingdom of Spain ("Spain") or the "Kingdom", reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in the meantime all such amounts will be held in a separate account.

Samuel Montagu & Co. Limited, on behalf of the Kingdom, will announce the basis of allotment by 9.30 a.m. (London time) on Friday, 22nd February, 1985. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (*inter alia*) upon the Council of The Stock Exchange admitting the Stock to the Official List for trading in the Gilt-edged market on or before Wednesday, 27th February, 1985. The Underwriting Agreement is subject to certain conditions and Samuel Montagu & Co. Limited, on behalf of the Underwriters, on or in certain circumstances the Kingdom may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void.

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Plc" and crossed "Spain Loan" representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably engage in the application forms lodged by them to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for credit to the account designated "Spain Loan—Alternative Payment" by 10.00 a.m. (London time) on Wednesday, 27th February, 1985 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted.

Where an applicant has elected the alternative method of payment but, because the amount of Stock allotted to him is less than the amount applied for, the payment due by him falls below £10,000, such applicant must arrange for the receipt by Lloyds Bank Plc, at its above address, of a cheque for the amount payable, drawn as aforesaid, so as to be cleared on or before 27th February, 1985.

Samuel Montagu & Co. Limited, on behalf of the Kingdom, reserves the right to instruct Lloyds Bank Plc to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of cheques drawn on 12th July, 1985 may be made either by means of a cheque, drawn as aforesaid, received by Lloyds Bank Plc, at its above address, so as to be cleared on or before 12th July, 1985, or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by Lloyds Bank Plc, at its above address, not

later than 10.00 a.m. on 12th July, 1985. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. per annum above the Base Rate of Lloyds Bank Plc from time to time may be charged on such balance if accepted after its due date. The Kingdom further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of Stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as Samuel Montagu & Co. Limited, on behalf of the Kingdom, shall at its absolute discretion think fit for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 27th February, 1985 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form. Alternatively, a recognised Bank or Stockbroker (as defined above) using the alternative method of payment may request that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for collection between 3.00 p.m. and 5.00 p.m. (both London time) on Wednesday, 27th February, 1985. Any uncollected allotment letters will be despatched by first class post after 5.00 p.m. on that day.

Allotment letters may be split up at 3.00 p.m. (London time) on 10th July, 1985 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounceable allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU on or before 12th July, 1985, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in registered form or in bearer form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £5,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways—

- By collection from the offices of Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.
- By post at the risk of the applicant. Lloyds Bank Plc will insure any package destined for an address in the United Kingdom provided a cheque in favour of Lloyds Bank Plc is enclosed with the allotment letter for 50p per £5,000 nominal amount of bearer bonds to be sent (minimum payment £2). Insurance rates for other countries will be quoted on request.
- By delivery to an existing account with the Euro-clear System ("Euro-clear") or CEDEL S.A. ("CEDEL").

Bearer bonds are expected to be available for delivery on and after 2nd August, 1985.

Stock Certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses, at their risk, by Lloyds Bank Plc on 2nd August, 1985. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock Certificate will be issued and no bearer bond will be made available unless the Stock to be represented thereby is fully paid.

DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.40 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. (London time) on Wednesday, 20th February, 1985, the price of such Treasury Stock to be determined by Samuel Montagu & Co. Limited to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18.

The rate of interest attaching to the Stock, which will be determined by Samuel Montagu & Co. Limited, will be an integral multiple of one-eighth of one per cent. and will be as high as possible consistent with

an issue price as near as possible to, but not less than, £94 per cent. The issue price will also be determined by Samuel Montagu & Co. Limited and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded downwards). It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* or *The Times* on Thursday, 21st February, 1985.

PARTICULARS OF THE STOCK

The issue of the £60,000,000 Loan Stock 2010 (the "Stock") of Spain was authorised by resolution of the Council of Ministers passed on 9th January, 1985 and will be constituted by a Deed Poll to be entered into by Spain. The following includes a summary of, and is subject to, certain detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar, Exchange Agent and Paying Agents referred to below.

Status

The Stock will be a direct, unsecured obligation of Spain and will rank, subject to "Negative Pledge" below, at least *pari passu* with all other existing and future unsecured indebtedness of Spain. "Indebtedness" means all indebtedness of Spain in whatever form—

- moneys borrowed by Spain; and
- guarantees given by Spain for moneys borrowed by other persons.

Negative Pledge

Spain will undertake that so long as the Stock remains outstanding (as defined in the Deed Poll) it will not create any mortgage, pledge or other charge upon the whole or any part of its present or future revenues, property or assets to secure any present or future External Indebtedness without securing the outstanding Stock *pari passu* therewith. "External Indebtedness" means Indebtedness which is expressed or denominated in a currency or currencies other than pesetas or which is, at the option of the person entitled thereon, payable in a currency or currencies other than pesetas, or which is payable at a rate or in an amount determined by reference to a currency or currencies other than pesetas.

Interest

The Stock will bear interest from 27th February, 1985 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable (less, where applicable, United Kingdom income tax) by equal half-yearly instalments on 24th March and 24th September (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 27th February, 1985 to 24th September, 1985 will be made on 24th September, 1985 and will be calculated using the following formula—

$$EI = \left(\frac{135}{365} \times \frac{30}{P} \times R \right) + \left(\frac{74}{365} \times R \right)$$

where EI is the first payment of interest on £100 nominal amount of Stock, R is the percentage rate of interest attaching to the Stock and P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused.

Form

The Stock will be available either in registered form ("Registered Stock") or, at the option of the person entitled thereto, in bearer form ("Bearer Stock"). On or after 2nd August, 1985 and subject as provided below, Registered Stock may be exchanged in nominal amounts of £5,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £5,000 each (the "Bearer Bonds") and on issue an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received during the period commencing on the day following a Record Date (as defined below) and expiring on the immediately succeeding Interest Payment Date (both inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Stock made before 2nd August, 1985 (being the date of the issue of definitive documents of title) must be made on or before 12th July, 1985 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or after such date of issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, the Exchange Agent, the Principal Paying Agent and the other Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at the specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application for Bearer Bond(s) in exchange for Registered Stock shall have attached thereto the Stock Certificate(s) to which such application relates and an application for Registered Stock in exchange for

Bearer Bond(s) shall have attached thereto the Bearer Bond(s) to which such application relates together with all unexpired Coupons pertaining thereto. The Registrar will not accept any application for exchange of Bearer Bonds for Registered Stock unless the Bearer Bonds to be exchanged are duly paid up and the coupons thereon are duly paid up. In the case of an application received during the period commencing on the day following a Record Date and ending on the day before the next Interest Payment Date (both inclusive), a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured (and shall, if surrendered with such Bearer Bond, be returned to or held to the order of the holder thereof). If the Stock Certificate attached to an application for Bearer Bonds in exchange for Registered Stock relates to a greater nominal amount of Stock than that, in respect of which such application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a new Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form.

The Initial Exchange Agent is Lloyds Bank Plc and its specified offices are at Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU and Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or such other place or places in Great Britain as Spain may from time to time agree and notify to Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall take effect until a new Exchange Agent having a specified office in Great Britain has been appointed and notice of its appointment has been given to Stockholders in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be available for delivery at any specified office of the Exchange Agent or will be despatched, to accordance with the instructions contained in the application, in such case within three business days of receipt of the relevant application duly completed and accompanied by the relevant Bonds and Coupons or, as the case may be, Stock Certificates and subject to compliance with any applicable fiscal or other laws or regulations.

Transfer

The Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The Initial Registrar is Lloyds Bank Plc and its specified office is at Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or such other place or places in Great Britain as Spain may from time to time agree and notify to the Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a specified office in Great Britain has been appointed and notice of its appointment has been given to Stockholders in accordance with "Notices" below.

Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 85 of the Stock Transfer Act 1963 of Great Britain applied. The Bearer Bonds will be transferable by delivery.

Redemption

(a) *Mandatory Redemption*
Spain will redeem the Stock (unless previously purchased and cancelled) at par on 24th March, 2010.

(b) *Purchases*

Spain may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange in London (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise.

(c) *Cancellation*

Stock so redeemed or purchased shall be cancelled forthwith and will not be available for re-issue.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheque or warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be posted, no later than the due date for the relevant payment, at the Stockholder's risk, to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders; subject in all cases to fiscal and other laws applicable thereto. In the case of joint holders in respect of a particular holding, the cheque or warrant (made payable to all such holders) will be sent to the first named on the Register unless instructions to the contrary are given in writing to the Registrar by all such holders. The "Record Date" shall mean the third day before an Interest Payment Date but should such third day fall on a day on which the specified office of the Registrar is not open for business, then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Bonds and subject as mentioned below, payments of interest will only be made against surrender of Coupons, at the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any Paying Agent by a cheque

UK COMPANY NEWS

MINING NEWS

Platinum price and exchange rate falls leave Impala down

BY GEORGE MILLING-STANLEY

IN SHARP contrast to buoyant first-half results reported recently by Rustenburg Platinum, South Africa's leading producer of the platinum group metals, profits of Impala Platinum for the six months to the end of December 1984 have fallen by a quarter. Attributable profits came out at R50.19m (£22.9m), compared with R67.3m in the first half of the previous year.

Impala, the second largest producer, said yesterday that it took out forward cover during the first half of 1984 of about 30 per cent of prospective dollar earnings, in view of uncertainties regarding the exchange rate between the rand and the dollar.

Both the price of platinum and the exchange rate were significantly different from expectations. Impala went on, and as a result the company has suffered a large forward exchange opportunity loss as well as a stock loss of some R34m. Without these factors, earnings for the half-year would have been substantially higher both before and after tax than for the previous comparable period, the company said.

In view of this, Impala has declared an unchanged dividend of 35 cents per share, still well covered by the latest earnings of 87 cents a share, which compares with earnings of 117 cents for the first half of the previous financial year.

Pre-tax profits for the year as a whole are expected to be lower than in 1983-84. Impala said, but net profits should not be substantially different from the previous year's R135.5m, out of which dividends totalling 135 cents were paid.

The trend of rising demand was sustained during the period, Impala added, and production is still being increased as planned. The company has also been active with forward purchases in the free market in order to be sure of meeting notified future demand from its customers.

Impala suffered sharply higher interest charges during the six months, with a total of R8.05m against R3.73m, and capital expenditure jumped from R9m to over R30m.

The shares rose to £11½ in London last night, in advance of the release of the figures.

Barrack pulls out of bid battle for Samantha

Australia's Barrack Mines group is reported to have pulled out of the battle to secure control of the junior exploration company Samantha Exploration after the rival bidder, Eastern Petroleum, claimed it now controls some 40 per cent of Samantha's shares. The Black Hill Minerals group, of which Eastern Petroleum is a member, was known to hold just under 30 per cent of Samantha in advance of launching its bid late last month, and has been buying further shares on the market since that time.

At stake in the battle, apart from some promising exploration acreage held by Samantha, is a majority interest in the profitable Horseshoe Lights gold mine in Western Australia. The operating company, Horseshoe

Lights Gold, is currently controlled by Barrack with 45.15 per cent, and the minority shareholders are Eastern with 38.5 per cent and Samantha with 16.1 per cent.

Eastern was encouraged to make its move on Samantha by the refusal of Barrack to allot the group the three seats on the board of Horseshoe Lights Gold to which it is entitled under the articles of association, according to Dr Ron Wise, Eastern's chairman.

Clearly, a majority stake in the operating company would strengthen Eastern's hand, although Barrack has said that the issue of control over Samantha is irrelevant to the wider question of control over the gold mine, as its position is secure under the terms of the joint venture.

MINING NEWS IN BRIEF

Noranda, Canada's largest natural resources group, has been granted an option on a 49 per cent interest in the Oronde gold prospect near Val d'Or in Quebec by Bromine, a 37 per cent-owned subsidiary of Aur Resources. Noranda can earn its interest by spending C\$2.5m (£1.2m) on exploration and development at the deposit.

Aur Resources said that Noranda has made a firm commitment to spend C\$500,000 on the property by the end of April. At that point, a programme of further work will have to be approved by Bromine, and Noranda will then have a month to commit itself to spending an additional C\$5.2m.

Granges Exploration of Sweden plans to make a share exchange offer for all the outstanding shares in the Canadian exploration company Pecos Resources. The terms of the offer are expected to be a Granges share for every two shares held in Pecos. The two companies have six directors in common.

Inco, the large Canadian nickel producer, and Canadian Occidental Petroleum have granted Minatco, a wholly-owned subsidiary of Total Compagnie Minière de France, an option to earn a one-third interest in uranium leases held jointly by the two companies near Wollaston Lake in Saskatchewan. Minatco can earn its interest

by spending C\$23m (£15.5m) on an exploration programme, and a feasibility study. The first stages of the exploration programme require Minatco to spend C\$5m over the next four years, with about C\$1m to be spent this year.

The treatment capacity of the Vatukoula gold mine in Fiji is to be expanded from the present 350,000 tonnes a year to 500,000 tonnes from the start of next year, according to Emperor Mines, which owns 80 per cent of the operation. The remaining 20 per cent is held by Australia's Western Mining Corporation.

At the projected recovery grade of 7 grammes of gold per tonne, the expansion should boost gold production to over 100,000 ozs a year.

Emperor has also reported a net profit of A\$547,000 for the six months to the end of December 1984. The figure compares with a loss in the first half of the previous financial year of A\$322,000.

Not profits of Benguet Corporation, one of the largest producers of copper and gold in the Philippines, for 1984 fell 32 per cent to Pesos 141.6m (£7.8m), after a loss of Pesos 12.8m in the fourth quarter, reports Leo Gonzaga in Manila. The main reasons for the decline were the poor performances of two industrial subsidiaries.

COMPANY NEWS IN BRIEF

NEI Africa Holdings, South African subsidiary of Northern Engineering Industries, suffered a slight drop in turnover to R206m (£88m) in 1984 from R210m in 1983. Operating income before interest and tax increased to R33.5m from R27.2m.

Down-payments on long-term contracts contributed significantly to cash flow although the execution of the contracts, together with the high cost of imported components due to the rand's decline, is expected to affect the cash position. Future workloads of the manufacturing subsidiaries is satisfactory.

Earnings per share increased to 312.7 cents (310.6 cents) and the total dividend has been lifted to 130 cents (115 cents).

Consolidated earnings of Rothmans of Pall Mall Canada, a subsidiary of Rothmans International, fell from C\$41.33m (£28m) to C\$30.94m (£21m) in the nine months to December 31, 1984. The figures, struck before bottle write-off less minorities of \$5.8m (nil), included a \$14.97m

(£33.97m) share from Carling O'Keefe.

As a result of the Canadian brewing industry's move away from compact bottles Carling O'Keefe made a provision of \$11.7m net for bottle write-offs. Rothmans share of the provision amounted to \$5.8m to leave group available earnings at \$25.07m, or \$4.31 per common share.

Rothmans Tobacco (Holdings), which is under effective control of Ruper Foundation SA, owns 89.9 per cent of Rothmans International ordinary shares.

Net asset value, adjusted for a one-for-one scrip issue in March, stood at 139.5p at Tribune Investments' Prest at the end of 1984, compared with 115.6p at end-1983.

A final dividend of 1.7p is proposed (adjusted 1.375p), making total dividends for the year of 2.26p (adjusted 1.975p). Net earnings emerged at 2.96p (2.36p).

After tax of 2886.095 (£907.823), net revenue was higher at £1.52m (£1.21m).

Rank expects further progress this year

THE CURRENT year should be one of further progress for the Rank Organisation, says the chairman Sir Patrick Meaney.

So far trading performance has continued to show improvement in the managed businesses, and increased profitability is anticipated from the associates.

"Your company now has the financial strength, sound organisation and an efficient and imaginative management team and we shall continue our drive for earnings growth," he tells shareholders.

He warns, however, that it would be folly to be too optimistic about the future in this highly competitive world with continuing economic problems, high interest rates, volatile foreign exchange rates and growing protectionism.

"We intend to concentrate on increasing earnings by improving and expanding where appropriate, our leisure businesses in film and television services, holidays and recreation, hotels and catering and our industrial operations in electro-optical and electronic equipment, and to add to our activities as suitable opportunities are identified in the UK and overseas," Sir Patrick says.

The group has continued to review, reorganise, sell or close operations which were not producing satisfactory profits and returns on the resources invested in them.

Major divestment was the withdrawal from property investment activities grouped in

BOARD MEETINGS

The following companies have notified areas of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interim: Addison Communications, Cope Allman International, Elora (L), Kewish, Michael Page Partnership, Peachey Property, Throgmorton Secured Growth Trust.
Final: Burnetts, Ernest Jones (Jewellers).
FUTURE DATES
Interim: Fergusson (James) Feb 21

the Rank City Wall company, resulting in the sale of the investment property portfolios in the UK and the Irish Republic.

These and other sales realised £118m cash during the year end, since then, the disposal of the remaining Rank City Wall properties in Belgium and Canada, plus the sale of the 50 per cent interest in the associate (Greater Union Organisation in Australia) and other assets have realised an additional £22m.

Some £25m was invested in fixed assets in the businesses retained and £7m spent on increased investment in subsidiaries. This included the acquisition of the outstanding 50 per cent shareholding in Rank Pheon Video Group and this company is now integrated within the film and television services division.

In the year ended October 31 1984 the group improved its profit volume and return on assets, reduced its net debt and increased its earnings and dividend per share. This, says Sir Patrick, demonstrates planned progress towards fulfilling the group's policies.

Interest costs fell from £25.6m to £19.9m as a result of the reduction in average borrowings and interest rates. There was a sharp decrease in net borrowings at the year end from £241.1m to £146.1m.

Rank's International operations, particularly in the U.S., produced a good performance overall although Australia and Asia experienced trading difficulties in parts of their operations.

Birmid Qualcast

"31% increase in profits"

	1984	1983
* Turnover	£207m	£176m
* Pre-tax profit	£11.3m	£8.6m
* Dividend per share	3.25p	2.33p

The Group maintained progress in 1984. The Potterton and Qualcast consumer products companies again produced strong profit performances. Foundries returned to profit and an increased contribution was obtained from the Engineering activities.

GROUP PRODUCTS INCLUDE:
Lawn Mowers, Cultivators, Kitchen Furniture, Ceramic Bathroom Ware, Potterton Central Heating Boilers, Energy Management Systems, Castings in Light Alloy & Iron, Precision Plastic Products, Engineering Products, Irrigation Equipment.



Copies of the Report and Accounts will be available from the Secretary, BIRMID QUALCAST PLC, SMETHWICK, WARLEY, WEST MIDLANDS, B66 1BW.

For the twenty-first successive year Hanson Trust has reported record profits. For the year ending September 30, 1984 pre-tax profit had increased by 86% to £169.1m (£91.1m). Earnings per share, adjusted for scrips, were up 70% from 7.5p to 12.8p and dividends for the year are 3.33p (2.2p).

Outstanding as these figures are, they include only seven months' contribution from London Brick and only five months' from US Industries Inc.

This success is directly attributable to our philosophy of management for prosperity and our determination to invest in good basic industries in the UK and the USA. The spread of our investments has enabled us to withstand the fluctuations of world currencies and currently, over half of our 67,000 employees work for our American operations.

Today Hanson Trust is among the top 20 UK quoted companies and Hanson Industries is among the largest 200 companies in the US.

If you would like the complete picture of Hanson Trust's operations, why not write to Hanson Trust PLC, Freeport, London SW3 1BR (no stamp required) or telephone 01-589 7070.

Hanson Trust
Management for prosperity
Hanson Trust PLC, 180 Rrompton Road, London SW3 1HF. Telephone: 01-589 7070

Hanson Trust puts together yet another successful year.

BROWN GOLDIE & CO. LIMITED

Development Capital for Private Companies Management Buy-Outs

Write or telephone: Cameron Brown or Peter Goldie, Brown Goldie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY. Telephone: 01-638 2575.

Notice of Redemption

Transocean Gulf Oil Company

8% Guaranteed Debentures Due 1986
(now Gulf Oil Corporation 8% Debentures Due 1986)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 1, 1971, under which the above designated Debentures are issued, \$1,468,000, aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on March 1, 1985 (hereinafter referred to as the redemption date):

\$1,468,000 Coupon Debentures Bearing the Prefix Letter M

147	2325	4804	5582	15992	19077	20741	21407	22068	22272	24822	24910	25428	27283	28005	29976
49	2327	4901	5578	15993	19078	20742	21408	22069	22273	24823	24911	25429	27284	28006	29977
50	2331	4904	5582	15994	19079	20743	21409	22070	22274	24824	24912	25430	27285	28007	29978
51	2332	4905	5583	15995	19080	20744	21410	22071	22275	24825	24913	25431	27286	28008	29979
52	2333	4906	5584	15996	19081	20745	21411	22072	22276	24826	24914	25432	27287	28009	29980
53	2334	4907	5585	15997	19082	20746	21412	22073	22277	24827	24915	25433	27288	28010	29981
54	2335	4908	5586	15998	19083	20747	21413	22074	22278	24828	24916	25434	27289	28011	29982
55	2336	4909	5587	15999	19084	20748	21414	22075	22279	24829	24917	25435	27290	28012	29983
56	2337	4910	5588	16000	19085	20749	21415	22076	22280	24830	24918	25436	27291	28013	29984
57	2338	4911	5589	16001	19086	20750	21416	22077	22281	24831	24919	25437	27292	28014	29985
58	2339	4912	5590	16002	19087	20751	21417	22078	22282	24832	24920	25438	27293	28015	29986
59	2340	4913	5591	16003	19088	20752	21418	22079	22283	24833	24921	25439	27294	28016	29987
60	2341	4914	5592	16004	19089	20753	21419	22080	22284	24834	24922	25440	27295	28017	29988
61	2342	4915	5593	16005	19090	20754	21420	22081	22285	24835	24923	25441	27296	28018	29989
62	2343	4916	5594	16006	19091	20755	21421	22082	22286	24836	24924	25442	27297	28019	29990
63	2344	4917	5595	16007	19092	20756	21422	22083	22287	24837	24925	25443	27298	28020	29991
64	2345	4918	5596	16008	19093	20757	21423	22084	22288	24838	24926	25444	27299	28021	29992
65	2346	4919	5597	16009	19094	20758	21424	22085	22289	24839	24927	25445	27300	28022	29993
66	2347	4920	5598	16010	19095	20759	21425	22086	22290	24840	24928	25446	27301	28023	29994
67	2348	4921	5599	16011	19096	20760	21426	22087	22291	24841	24929	25447	27302	28024	29995
68	2349	4922	5600	16012	19097	20761	21427	22088	22292	24842	24930	25448	27303	28025	29996
69	2350	4923	5601	16013	19098	20762	21428	22089	22293	24843	24931	25449	27304	28026	29997
70	2351	4924	5602	16014	19099	20763	21429	22090	22294	24844	24932	25450	27305	28027	29998
71	2352	4925	5603	16015	19100	20764	21430	22091	22295	24845	24933	25451	27306	28028	29999
72	2353	4926	5604	16016	19101	20765	21431	22092	22296	24846	24934	25452	27307	28029	30000
73	2354	4927	5605	16017	19102	20766	21432	22093	22297	24847	24935	25453	27308	28030	30001
74	2355	4928	5606	16018	19103	20767	21433	22094	22298	24848	24936	25454	27309	28031	30002
75	2356	4929	5607	16019	19104	20768	21434	22095	22299	24849	24937	25455	27310	28032	30003
76	2357	4930	5608	16020	19105	20769	21435	22096	22300	24850	24938	25456	27311	28033	30004
77	2358	4931	5609	16021	19106	20770	21436	22097	22301	24851	24939	25457	27312	28034	30005
78	2359	4932	5610	16022	19107	20771	21437	22098	22302	24852	24940	25458	27313	28035	30006
79	2360	4933	5611	16023	19108	20772	21438	22099	22303	24853	24941	25459	27314	28036	30007
80	2361	4934	5612	16024	19109	20773	21439	22100	22304	24854	24942	25460	27315	28037	30008
81	2362	4935	5613	16025	19110	20774	21440	22101	22305	24855	24943	25461	27316	28038	30009
82	2363	4936	5614	16026	19111	20775	21441	22102	22306	24856	24944	25462	27317	28039	30010
83	2364	4937	5615	16027	19112	20776	21442	22103	22307	24857	24945	25463	27318	28040	30011
84	2365	4938	5616	16028	19113	20777	21443	22104	22308	24858	24946	25464	27319	28041	30012
85	2366	4939	5617	16029	19114	20778	21444	22105	22309	24859	24947	25465	27320	28042	30013
86	2367	4940	5618	16030	19115	20779	21445	22106	22310	24860	24948	25466	27321	28043	30014
87	2368	4941	5619	16031	19116	20780	21446	22107	22311	24861	24949	25467	27322	28044	30015
88	2369	4942	5620	16032	19117	20781	21447	22108	22312	24862	24950	25468	27323	28045	30016
89	2370	4943	5621	16033	19118	20782	21448	22109	22313	24863	24951	25469	27324	28046	30017
90	2371	4944	5622	16034	19119	20783	21449	22110	22314	24864	24952	25470	27325	28047	30018
91	2372	4945	5623	16035	19120	20784	21450	22111	22315	24865	24953	25471	27326	28048	30019
92	2373	4946	5624	16036	19121	20785	21451	22112	22316	24866	24954	25472	27327	28049	30020
93	2374	4947	5625	16037	19122	20786	21452	22113	22317	24867	24955	25473	27328	28050	30021
94	2375	4948	5626	16038	19123	20787	21453	22114	22318	24868	24956	25474	27329	28051	30022
95	2376	4949	5627	16039	19124	20788	21454	22115	22319	24869	24957	25475	27330	28052	30023
96	2377	4950	5628	16040	19125	20789	21455	22116	22320	24870	24958	25476	27331	28053	30024
97	2378	4951	5629	16041	19126	20790	21456	22117	22321	24871	24959	25477	27332	28054	30025
98	2379	4952	5630	16042	19127	20791	21457	22118	22322	24872	24960	25478	27333	28055	30026
99	2380	4953	5631	16043	19128	20792	21458	22119	22323	24873	24961	25479	27334	28056	30027
100	2381	4954	5632	16044	19129	20793	21459	22120	22324	24874	24962	25480	27335	28057	30028
101	2382	4955	5633	16045	19130	20794	21460	22121	22325	24875	24963	25481	27336	28058	30029
102	2383	4956	5634	16046	19131	20795	21461	22122	22326	24876	24964	25482	27337	28059	30030
103	2384	4957	5635	16047	19132	20796	21462	22123	22327	24877	24965	25483	27338	28060	30031
104	2385	4958	5636	16048	19133	20797	21463	22124	22328	24878	24966	25484	27339	28061	30032
105	2386	4959	5637	16049	19134	20798	21464	22125	22329	24879	24967	25485	27340	28062	30033
106	2387	4960	5638	16050	19135	20799	21465	22126	22330	24880	24968	25486	27341	28063	30034
107	2388	4961	5639	16051	19136	20800	21466	22127	22331	24881	24969	25487	27342	28064	30035
108	2389	4962	5640	16052	19137	20801	21467	22128	22332	24882	24970	25488	27343	28065	30036
109	2390	4963	5641	16053	19138	20802	21468	22129	22333	24883	24971	25489	27344	28066	30037
110	2391	4964	5642	16054	19139	20803	21469	22130	22334	24884	24972	25490	27345	28067	30038
111	2392	4965	5643	16055	19140	20804	21470	22131	22335	24885	24973	25491	27346	28068	30039
112	2393	4966	5644	16056	19141	20805	21471	22132	22336	24886	24974	25492	27347	28069	30040
113	2394	4967	5645	16057	19142	20806	21472	22133	22337	24887	24975	25493	27348	28070	30041
114	2395	4968	5646	16058	19143	20807	21473	22134	22338	24888	24976	25494	27349	28071	30042
115	2396	4969	5647	16059	19144	20808	21474	22135	22339	24889	24977	25495	27350	28072	30043
116	2397	4970	5648	16060	19145	20809	21475	22136	22340	24890	24978	25496	27351	28073	30044
117	2398	4971	5649	16061	19146	20810	21476	22137	22341	24891	24979	25497	27352	28074	30045
118	2399	4972	5650	16062	19147	20811	21477	22138	22342	24892	24980	25498	27353	28075	30046
119	2400	4973	5651	16063	19148	20812	21478	22139	22343	24893	24981	25499	27354	28076	30047
120	2401	4974	5652	16064	19149	20813	21479	22140	22344	24894	24982	25500	27355	28077	30048
121	2402	4975	5653	16065	19150	20814	21480	22141	22345	24895	24983	25501	27356	28078	30049
122	2403	4976	5654	16066	19151	20815	21481	22142	22346	24896	24984	25502	27357	28079	30050
123	2404	4													

LONDON STOCK EXCHANGE

MARKET REPORT

Markets drift back uncertainly as pound weakens against strong dollar

Account Dealing Dates

Options

First Declared Last Account

Dealing Dates

Jan 22 Feb 7 Feb 14 Feb 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

Feb 28 Mar 7 Mar 14 Mar 21

FINANCIAL TIMES STOCK INDICES

	Feb. 15	Feb. 16	Feb. 17	Feb. 18	Feb. 19	Year
Government Secs.	70.88	80.15	70.85	70.85	70.85	62.78
Fixed Interest	63.91	63.97	63.91	63.91	63.91	67.03
Ordinary	270.5	270.5	270.5	270.5	270.5	270.5
Gold Mines	511.4	488.5	488.5	488.5	488.5	518.5
Ord. Div. Yield	4.4	4.4	4.4	4.4	4.4	4.4
Earnings, Vol. 2 (Vol.)	11.11	10.98	10.97	10.98	10.98	10.98
P/E Ratio (Vol. 2)	10.81	10.98	11.05	10.98	11.05	11.05
Total Returns (Vol. 2)	24,708	24,448	24,688	24,688	24,688	24,688
Equity Turnover (Vol. 2)	415.07	405.25	405.25	405.25	405.25	405.25
Equity Turnover (Vol. 2)	28,117	28,648	28,648	28,648	28,648	28,648
Shares Traded (Vol. 2)	215.8	225.8	217.0	215.1	206.3	124.4

10 am 570.3, 11 am 575.3, Noon 575.2, 1 pm 573.3

Real 100 Gov. Secs. 151/2, Fixed Int. 1322, Ordinary 177/25

Gold Mines 12/55, OE Activity 1574

Latest Index 575.25, 2nd 575.25, 3rd 575.25

11-10-85

HIGHS AND LOWS

	1984/85	Since Completion	Feb. 15	Feb. 16
Govt. Secs.	57.77	74.72	127.4	140.6
Fixed Int.	67.46	67.46	101/16	135.3
Ordinary	1094.6	785.2	1094.6	144.8
Gold Mines	511.4	488.5	488.5	150.8

S.E. ACTIVITY

	1984/85	Since Completion	Feb. 15	Feb. 16
Govt. Secs.	57.77	74.72	127.4	140.6
Fixed Int.	67.46	67.46	101/16	135.3
Ordinary	1094.6	785.2	1094.6	144.8
Gold Mines	511.4	488.5	488.5	150.8

Among secondary stocks, buying interest was seen in Goring Kerr, which advanced 10 to 550p, with a rise of 10 to 415p in sympathy.

Weekend Press mention stimulated demand for Quest Automation, 4 higher at 55p, and contract news left Tele-merch a few pence harder at 33p.

Business in the Engineering leaders was at a low ebb and quotations closed little altered.

Elsewhere, revived bid speculation lifted Baxters 25p to 235p, a close of 232p, up 16 on balance.

Favourable Press mention left Walker and Staff 3 higher at 35p and BTR 2p dearer at 25p.

Steadier and active demand ahead of next week's interim statement, armed 6 to 152p. Veeva Group continued to climb, with a report that GEC was among the bidders for the Yarrow yard left the four a couple of pence dearer at 154p.

Food was once again highlighted by takeover activity, with United Biscuits which moved ahead strongly to close 7 higher at 184p/85 peak of 211p. However, Mackintoshes, however, slipped 5 to 370p in the absence of further buying interest, while

recent American favourite Cadbury Schweppes softened a couple of pence to 175p. S. & W. Barfield were a firm market but a fresh bout of scrappy selling clipped 12 from Avax to 50p. Renewed demand in a restricted market lifted Bernard Matthews 15 to 255p, while

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

Goldmines rose 5 to 75p.

port on favourable

Press comment and rose 7 to 180p; the

latter's interim results are due

Thursday.

Worries that the U.S. government

may introduce import

controls on gold-related sectors

of mining markets at the outset of

trading. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However, a gradual

recovery in the U.S. currency

during the day took the shine off

the metal price and share

prices alike. However

DAI-ICHI

EUROPE LIMITED

For
EQUITIES & BONDS

Durrant House, 8-13, Cheval Street,
London EC1Y 4TG
Telephone: 01 588 4872
Telex: 883336 ICHLD

BRITISH FUNDS

Shorts (Lives up to Five Years)

1984-85	Stock	Price	%	Yield
100	100	100	100	100
101	101	101	101	101
102	102	102	102	102
103	103	103	103	103
104	104	104	104	104
105	105	105	105	105
106	106	106	106	106
107	107	107	107	107
108	108	108	108	108
109	109	109	109	109
110	110	110	110	110
111	111	111	111	111
112	112	112	112	112
113	113	113	113	113
114	114	114	114	114
115	115	115	115	115
116	116	116	116	116
117	117	117	117	117
118	118	118	118	118
119	119	119	119	119
120	120	120	120	120

Five to Fifteen Years

1984-85	Stock	Price	%	Yield
121	121	121	121	121
122	122	122	122	122
123	123	123	123	123
124	124	124	124	124
125	125	125	125	125
126	126	126	126	126
127	127	127	127	127
128	128	128	128	128
129	129	129	129	129
130	130	130	130	130
131	131	131	131	131
132	132	132	132	132
133	133	133	133	133
134	134	134	134	134
135	135	135	135	135
136	136	136	136	136
137	137	137	137	137
138	138	138	138	138
139	139	139	139	139
140	140	140	140	140

Over Fifteen Years

1984-85	Stock	Price	%	Yield
141	141	141	141	141
142	142	142	142	142
143	143	143	143	143
144	144	144	144	144
145	145	145	145	145
146	146	146	146	146
147	147	147	147	147
148	148	148	148	148
149	149	149	149	149
150	150	150	150	150
151	151	151	151	151
152	152	152	152	152
153	153	153	153	153
154	154	154	154	154
155	155	155	155	155
156	156	156	156	156
157	157	157	157	157
158	158	158	158	158
159	159	159	159	159
160	160	160	160	160

Undated

1984-85	Stock	Price	%	Yield
161	161	161	161	161
162	162	162	162	162
163	163	163	163	163
164	164	164	164	164
165	165	165	165	165
166	166	166	166	166
167	167	167	167	167
168	168	168	168	168
169	169	169	169	169
170	170	170	170	170
171	171	171	171	171
172	172	172	172	172
173	173	173	173	173
174	174	174	174	174
175	175	175	175	175
176	176	176	176	176
177	177	177	177	177
178	178	178	178	178
179	179	179	179	179
180	180	180	180	180

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1984-85	Stock	Price	%	Yield
181	181	181	181	181
182	182	182	182	182
183	183	183	183	183
184	184	184	184	184
185	185	185	185	185
186	186	186	186	186
187	187	187	187	187
188	188	188	188	188
189	189	189	189	189
190	190	190	190	190
191	191	191	191	191
192	192	192	192	192
193	193	193	193	193
194	194	194	194	194
195	195	195	195	195
196	196	196	196	196
197	197	197	197	197
198	198	198	198	198
199	199	199	199	199
200	200	200	200	200

CORPORATION LOANS

1984-85	Stock	Price	%	Yield
201	201	201	201	201
202	202	202	202	202
203	203	203	203	203
204	204	204	204	204
205	205	205	205	205
206	206	206	206	206
207	207	207	207	207
208	208	208	208	208
209	209	209	209	209
210	210	210	210	210
211	211	211	211	211
212	212	212	212	212
213	213	213	213	213
214	214	214	214	214
215	215	215	215	215
216	216	216	216	216
217	217	217	217	217
218	218	218	218	218
219	219	219	219	219
220	220	220	220	220

COMMONWEALTH & AFRICAN LOANS

1984-85	Stock	Price	%	Yield
221	221	221	221	221
222	222	222	222	222
223	223	223	223	223
224	224	224	224	224
225	225	225	225	225
226	226	226	226	226
227	227	227	227	227
228	228	228	228	228
229	229	229	229	229
230	230	230	230	230
231	231	231	231	231
232	232	232	232	232
233	233	233	233	233
234	234	234	234	234
235	235	235	235	235
236	236	236	236	236
237	237	237	237	237
238	238	238	238	238
239	239	239	239	239
240	240	240	240	240

LOANS

1984-85	Stock	Price	%	Yield
241	241	241	241	241
242	242	242	242	242
243	243	243	243	243
244	244	244	244	244
245	245	245	245	245
246	246	246	246	246
247	247	247	247	247
248	248	248	248	248
249	249	249	249	249
250	250	250	250	250
251	251	251	251	251
252	252	252	252	252
253	253	253	253	253
254	254	254	254	254
255	255	255	255	255
256	256	256	256	256
257	257	257	257	257
258	258	258	258	258
259	259	259	259	259
260	260	260	260	260

FOREIGN BONDS & RAILS

1984-85	Stock	Price	%	Yield
261	261	261	261	261
262	262	262	262	262
263	263	263	263	263
264	264	264	264	264
265	265	265	265	265
266	266	266	266	266
267	267	267	267	267
268	268	268	268	268
269	269	269	269	269
270	270	270	270	270
271	271	271	271	271
272	272	272	272	272
273	273	273	273	273
274	274	274	274	274
275	275	275	275	275
276	276	276	276	276
277	277	277	277	277
278	278	278	278	278
279	279	279	279	279
280	280	280	280	280

AMERICANS

1984-85	Stock	Price	%	Yield
281	281	281	281	281
282	282	282	282	282
283	283	283	283	283
284	284	284	284	284
285	285	285	285	285
286	286	286	286	286
287	287	287	287	287
288	288	288	288	288
289	289	289	289	289
290	290	290	290	290
291	291	291	291	291
292	292	292	292	292
293	293	293	293	293
294	294	294	294	294
295	295	295	295	295
296	296	296	296	296
297	297	297	297	297
298	298	298	298	298
299	299	299	299	299
300	300	300	300	300

AMERICANS—Cont.

1984-85	Stock	Price	%	Yield
301	301	301	301	301
302	302	302	302	302
303	303	303	303	303
304	304	304	304	304
305	305	305	305	305
306	306	306	306	306
307	307	307	307	307
308	308	308	308	308
309	309	309	309	309
310	310	310	310	310
311	311	311	311	311
312	312	312	312	312
313	313	313	313	313
314	314	314	314	314
315	315	315	315	315
316	316	316	316	316
317	317	317	317	317
318	318	318	318	318
319	319	319	319	319
320	320	320	320	320

BEERS, WINES & SPIRITS

39%	184	39%	184	39%	184	39%	184	39%	184
38%	183	38%	183	38%	183	38%	183	38%	183
37%	182	37%	182	37%	182	37%	182	37%	182
36%	181	36%	181	36%	181	36%	181	36%	181
35%	180	35%	180	35%	180	35%	180	35%	180
34%	179	34%	179	34%	179	34%	179	34%	179
33%	178	33%	178	33%	178	33%	178	33%	178
32%	177	32%	177	32%	177	32%	177	32%	177
31%	176	31%	176	31%	176	31%	176	31%	176
30%	175	30%	175	30%	175	30%	175	30%	175
29%	174	29%	174	29%	174	29%	174	29%	174
28%	173	28%	173	28%	173	28%	173	28%	173
27%	172	27%	172	27%	172	27%	172	27%	172
26%	171	26%	171	26%	171	26%	171	26%	171
25%	170	25%	170	25%	170	25%	170	25%	170
24%	169	24%	169	24%	169	24%	169	24%	169
23%	168	23%	168	23%	168	23%	168	23%	168
22%	167	22%	167	22%	167	22%	167	22%	167
21%	166	21%	166	21%	166	21%	166	21%	166
20%	165	20%	165	20%	165	20%	165	20%	165
19%	164	19%	164	19%	164	19%	164	19%	164
18%	163	18%	163	18%	163	18%	163	18%	163
17%	162	17%	162	17%	162	17%	162	17%	162
16%	161	16%	161	16%	161	16%	161	16%	161
15%	160	15%	160	15%	160	15%	160	15%	160
14%	159	14%	159	14%	159	14%	159	14%	159
13%	158	13%	158	13%	158	13%	158	13%	158
12%	157	12%	157	12%	157	12%	157	12%	157
11%	156	11%	156	11%	156	11%	156	11%	156
10%	155	10%	155	10%	155	10%	155	10%	155
9%	154	9%	154	9%	154	9%	154	9%	154
8%	153	8%	153	8%	153	8%	153	8%	153
7%	152	7%	152	7%	152	7%	152	7%	152
6%	151	6%	151	6%	151	6%	151	6%	151
5%	150	5%	150	5%	150	5%	150	5%	150
4%	149	4%	149	4%	149	4%	149	4%	149
3%	148	3%	148	3%	148	3%	148	3%	148
2%	147	2%	147	2%	147	2%	147	2%	147
1%	146	1%	146	1%	146	1%	146	1%	146
0%	145	0%	145	0%	145	0%	145	0%	145

LEISURE—Continued[illegible]**PROPERTY** Continued[illegible]

ON THE WAY

[illegible]

33

[illegible]

NOTES

[illegible]

dividend passed or deferred. C Canadian. E Minnesota.

1980-1981		1979-1980		1978-1979		1977-1978		1976-1977		1975-1976		1974-1975		1973-1974		1972-1973		1971-1972		1970-1971		1969-1970		1968-1969		1967-1968		1966-1967		1965-1966		1964-1965		1963-1964		1962-1963		1961-1962		1960-1961		1959-1960		1958-1959		1957-1958		1956-1957		1955-1956		1954-1955		1953-1954		1952-1953		1951-1952		1950-1951		1949-1950		1948-1949		1947-1948		1946-1947		1945-1946		1944-1945		1943-1944		1942-1943		1941-1942		1940-1941		1939-1940		1938-1939		1937-1938		1936-1937		1935-1936		1934-1935		1933-1934		1932-1933		1931-1932		1930-1931		1929-1930		1928-1929		1927-1928		1926-1927		1925-1926		1924-1925		1923-1924		1922-1923		1921-1922		1920-1921		1919-1920		1918-1919		1917-1918		1916-1917		1915-1916		1914-1915		1913-1914		1912-1913		1911-1912		1910-1911		1909-1910		1908-1909		1907-1908		1906-1907		1905-1906		1904-1905		1903-1904		1902-1903		1901-1902		1900-1901		1899-1900		1898-1899		1897-1898		1896-1897		1895-1896		1894-1895		1893-1894		1892-1893		1891-1892		1890-1891		1889-1890		1888-1889		1887-1888		1886-1887		1885-1886		1884-1885		1883-1884		1882-1883		1881-1882		1880-1881		1879-1880		1878-1879		1877-1878		1876-1877		1875-1876		1874-1875		1873-1874		1872-1873		1871-1872		1870-1871		1869-1870		1868-1869		1867-1868		1866-1867		1865-1866		1864-1865		1863-1864		1862-1863		1861-1862		1860-1861		1859-1860		1858-1859		1857-1858		1856-1857		1855-1856		1854-1855	
-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--	-----------	--

on Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

[illegible][illegible]

	Non	CAR	Int	Cr	Notice
The Money Market Trust					
63 On Victoria St, EC4N 4S7.					
Call Fwd	\$13.80	14.57	6-mth	01-236	0952
7-day Fwd	\$13.84	14.63	6-mth	7-day	
Oppenheimer Money Management Ltd					
66 Canton St, EC4N 6A6.					
Call Fwd	\$13.80	24.27	6-mth	01-236	1425
7-day Fwd	\$13.88	14.56	6-mth	7-day	
Money Mgmt. Acct.	\$13.92	16.50	6-mth	7-day	
Dollar	7.32	7.24	6-mth	2-day	

	Mon	APR	INT	CR Notice
Attches Home				
1000 River HWY 24V.				01-4387-0407
1000 River HWY 24V.	13.75			Call
1000 River HWY 24V.	13.75			Call
Bank of Scotland			14.25	Call
30 Threemile St, EGCP 252H.				01-4378-8860
30 Threemile St, EGCP 252H.	14.00			Call
Barclays Prime Account				
PO Box 125, Northampton			13.50	0064-255901
PO Box 125, Northampton			13.50	Call
Banco Espanol de Investimento Commerc				
25 Flushing Circle, EGCP 52GL				01-558-8777
25 Flushing Circle, EGCP 52GL	14.00			Call
Charterhouse Alphajet a/c				
1 Penryn Road, EG44 79H.				01-438-7999
1 Penryn Road, EG44 79H.		14.00		Call
T.S. Data			14.00	Call
T.S. Data			14.00	Call
T.S. Data			14.00	Call
T.S. Data			14.00	Call
James Way Ltd			14.00	Call
Co-operative Bank				
1000 River HWY 24V. EGCP 42Q.	6.50	6.50	13.43	01-438-7999
Under 13.00	13.00	13.00	13.95	Call
Under 13.00	13.00	13.00	13.95	Call
Darlington & Co Ltd				
Darlington, Town, Dewon 799A				0060-862271
Darlington, Town, Dewon 799A	14.00		14.00	Call
Hammerson Bank of Scotland				
30 Threemile St, EGCP 252H				01-438-8860
30 Threemile St, EGCP 252H	13.00			Call
Lambard North Central PLC				
1000 River St, W2A 30H			13.50	01-409-9434
1000 River St, W2A 30H	13.25		13.50	Call/14-11
M & G/Blackburn				
1000 River St, W2A 30H				025-23451
1000 River St, W2A 30H	13.25			Call
Midland Bank plc				
1000 River St, W2A 30H		0742-20999	01-8730	
1000 River St, W2A 30H	13.25		13.00	Call
Provincial Trust (Guinness & Co)				
1000 River St, W2A 30H				01-438-8860
1000 River St, W2A 30H	13.00			Call
Pratt & Associates				
1000 River St, W2A 30H	14.00			Call
Save & Prosper/Horwath Fleming				
28 Western Rd, Rowland Hill 3.2L				0708-66966
28 Western Rd, Rowland Hill 3.2L	13.00			Call
Pratt & Associates				
1000 River St, W2A 30H	13.00			Call
25-29 Princes Victoria St, Bristol BS6 4BL				0272
25-29 Princes Victoria St, Bristol BS6 4BL	14.00			Call
25-29 Princes Victoria St, Bristol BS6 4BL	14.00			Call
J. Henry Schroder Warrick & Co Ltd				
Enterprise House, Portsmouth				0708-66966
Enterprise House, Portsmouth	13.00		14.00	Call
Enterprise House, Portsmouth	13.00		14.00	Call

Notes: CAR = Commercial annual rate, Int CR = Treasury

NOTES

Prices are in pence unless otherwise indicated and those designated \$ with no prefix to U.S. dollars. Yield % (shown in last column) are for all savings companies. * Estimated, † Based on 1984 rates, ‡ Today's price, § Yield based on offer price, ¶ Estimated, ** Today's opening price, †† Distribution fee of UK taxes, ‡‡ Periodic premium insurance plans, §§ Premium insurance, ¶¶ Offered price includes all expenses except agent's commission, §§ Offered price includes expenses brought through managers, ††† Previous day's price, ‡‡‡ Cancellation only, §§§ Suspended, ¶¶¶ Yield before Jersey tax, †††† Ex-subsidized, §§§§ Only available on charitable basis, ¶¶¶¶ Yield column shows anticipated rates of NAV increase.

